

Daily Report

China

FBIS-CHI-87-165

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26 August 1987

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General

Qian Qichen Addresses UN Conference
OW252348 Beijing XINHUA in English 2331 GMT
25 Aug 87

[Text] United Nations, August 25 (XINHUA) — The chief Chinese delegate, in a statement today at the ongoing international conference on the relationship between disarmament and development, dwelt on a number of major international issues such as disarmament, peace, development, and China's policy on rational defense and development.

Deputy Foreign Minister Qian Qichen said, "Peace and development represent two fundamental issues, on which hinge the development and evolution of the overall world situation and international relations."

He said the world is threatened by three major factors, the arms race between the superpowers "from the surface of the earth, the sea and the air into outer space," the "acts of interference and aggression and occupation of other countries' territories by force" and the economic backwardness faced by most of the Third World countries.

He said "To safeguard world peace, it is imperative to stop the arms race and realize genuine disarmament."

He called on the superpowers, which "possess the largest nuclear arsenals and conventional armaments," to take the lead "in drastically reducing their armaments" to safeguard world peace.

In addition to the disarmament, Qian said, it is also "necessary to advocate the peaceful solution of all international disputes" and solve the development issue facing the developing countries.

Peace and development are inseparable. "So long as poverty and backwardness exist on earth, turbulence and insecurity in the world are inevitable," he said. The Third World countries take three quarters of the world population, therefore they constitute the main force to maintain world peace and world development.

Qian called on the developed countries to adopt "more flexible and preferential policies vis-a-vis the developing countries in such areas as opening up markets, financing, transfer of technology and increase in the volume of aid."

"The world economy is an integrated whole," Qian said. The progress the developing countries make "would greatly facilitate the sustained economic growth in developed countries."

He said that mankind should dedicate the limited resources to the elimination of poverty, rather than engaging in the arms race that threatens its very survival.

Even in the highly developed countries, there are areas that are less developed. If the developed countries save resources by lowering their military expenditures, Qian

said, "it would first and foremost benefit their own economic growth."

The Third World countries should all the more "devote their limited material, financial and human resources to economic development," he said.

Qian called on all countries, "big or small, strong or weak," to take joint efforts to achieve disarmament and development, which concern the security and interests of every country.

He said China "needs to develop in peace and hopes that the world will develop in peace." China is opposed to arms race, "hegemonism, interference in other countries' internal affairs and violation of other countries' independence and sovereignty."

He said that China has reduced the size of the armed forces by one million servicemen since 1985 and the percentage of its military spending in the state budget from 17.5 percent in 1979 to less than 10 percent in 1986.

Qian is optimistic that "the overall international situation is developing in the direction favourable to the efforts toward disarmament and development"

He hopes that the conference on disarmament and development will produce positive results.

On Third World Concerns
OW260036 Beijing XINHUA in English 2350 GMT
25 Aug 87

[Text] United Nations, August 25 (XINHUA) — The head of the Chinese delegation attending the international conference on disarmament and development said today the Third World countries constitute the main force for the maintenance of world peace and world development.

Deputy Foreign Minister Qian Qichen said the more developed the economies of the Third World countries are, "the greater their role in international affairs will be, and the more world peace will benefit."

Peace and development are inseparable, Qian said. "So long as poverty and backwardness exist on earth, turbulence and insecurity in the world are inevitable."

"Most Third World countries are currently confronting problems of underdevelopment of development difficulties," he said.

The shortfalls in development finance and technology, the drastic fall in the prices of primary products, rampant trade protectionism, heavy debt burdens, and frequent natural calamities, have all hindered the economic development of the Third World countries, Qian said. "Such a situation is extremely inimical to peace and development in the world."

Qian called on the developed countries to "adopt more flexible and preferential policies vis-a-vis the developing countries in such areas as opening up markets, financing, transfer of technology and increase in the volume of aid."

The world economy is an integrated whole, he said. "As their economies steadily develop, the developing countries will surely expand their export, raise their payment capacity and absorb more commodities, thus creating a sizable market for the developed countries" and "facilitate the sustained economic growth in developed countries."

Qian said "in the long-term prospective, the achievement of prosperity and development of mankind depends on that of the Third World which makes up three fourths of the world's population."

On PRC Defense, Development

OW260104 Beijing XINHUA in English 2356 GMT
25 Aug 87

[Text] United Nations, August 25 (XINHUA) — China is reducing its military spending every year and increasing the military's role in the development of the country, the chief Chinese delegate attending the international conference on the relationship between disarmament and development said today.

Deputy Foreign Minister Qian Qichen said China's military spending in 1986 totalled 20 billion RMB yuan (less than 5.5 billion U.S. dollars). The percentage of China's military spending in its state budget had decreased from 1979's 17.5 percent to less than 10 percent in 1986, accounting for only 0.5 percent of the world's total.

He said that in recent years, part of China's military facilities, such as airfields and ports, have been turned to civilian use or shared by both the military and the civilian.

A series of measures have been adopted to train the servicemen in both the military and the professions, so that they can easily take up new posts once they are demobilized, Qian said.

China's Armed Forces are also engaged in the agricultural and sideline production and have set up numerous small factories, mines and enterprises.

By doing this, Qian said, "The armed forces have helped lighten the burden on the state and increase the commodity production for the society."

He said China's experience shows that "to handle rationally and appropriately the relationship between national defense and economic construction is not only necessary but also possible."

China needs to develop in peace and hopes that the world will develop in peace, Qian said. "China opposes the arms race and stands for disarmament."

He calls on the Soviet Union and the United States to take the lead in disarmament and the developed countries to increase its aid to the developing countries.

Meets UN Secretary General

OW260122 Beijing XINHUA in English 0025 GMT
26 Aug 87

[Text] United Nations, August 25 (XINHUA) — U.N. Secretary-General Javier Perez de Cuellar today met the head of the Chinese delegation attending the international conference on the relationship between disarmament and development.

Vice-Foreign Minister Qian Qichen told the secretary-general that the conference "is of great significance and China attaches great importance to it."

Qian said peace and development are the issues with which China is most concerned.

In addition to disarmament, Qian said, peace "should also include settlement of regional conflicts."

Qian and Perez de Cuellar also exchanged views on the implementation of the U.N. Security Council resolution calling for a ceasefire in the Iran-Iraq conflict.

Urges Superpowers to Disarm

OW260350 Beijing XINHUA in English 2346 GMT
25 Aug 87

[Text] United Nations, August 25 (XINHUA) — The chief Chinese delegate attending the international conference on the relationship between disarmament and development today called on the Soviet Union and the United States to take the lead in disarmament.

Qian Qichen, deputy foreign minister and head of the Chinese delegation, said "To safeguard world peace, it is imperative to stop the arms race and realize genuine disarmament."

He said the world is confronting with "the over-saturation of the nuclear weapons of the superpowers, their huge piles of conventional weapons, and the ever-escalating arms race and its extension from the surface of the earth, the sea and the air into outer space."

"Acts of interference and aggression and occupation of other countries' territories by force are still under way," he added.

He called on the United States and the Soviet Union to take the lead in drastically reducing their nuclear and conventional armaments, and put an end to the use and threat of force.

Qian also called on the international community for peaceful solution of all international disputes and the elimination of "hot spots" and regional conflicts.

The annual military expenditures in the world totals about 1,000 billion dollars, or 1.9 million dollars per minute. It amounts to the total volume of the debt incurred by the developing countries.

Qian urged the United States and the Soviet Union to save money from the arms race and increase their help to the developing countries.

Commentary on Disarmament, Development
HK260659 Beijing RENMIN RIBAO in Chinese
24 Aug 87 p 6

[Commentary by reporter Liu Kaichen (0491 7030 1368)
"Disarmament and Development — the General Wishes
of the World's People"]

[Text] The UN International Conference on Disarmament and Development will be held in New York from 24 August to 11 September. This is the United Nation's first special conference to discuss the problems of disarmament and development. It reflects the serious concern of the international community about these two urgent tasks in the contemporary world.

Representatives from 115 countries, including the Chinese delegation headed by Vice Minister of Foreign Affairs Qian Qichen, will attend the conference. According to suggestions by the preparatory committee, the conference will mainly discuss three questions: The relationship between disarmament and development, the influence of military expenditure on the world's economy, especially in the developing countries, and how to release more resources for development through disarmament. The core of the problem is how to curb the intensifying arms race in the world today so that socioeconomic development in various countries can benefit.

At present, the slow economic development of the world and the sharp increase in military expenditure, forms a sharp contrast. The average economic growth rate in developed countries has dropped from 4.8 percent in 1984 to lower than 3 percent in 1985 and 1986. The economic development in the developing countries is even more difficult. However, over the past 40 years or so, about 4.5 to 7 percent of the world's GNP has been spent on military purposes each year, becoming a heavy burden for various countries in their economic development. Since 1960, the accumulative world military expenditure has reached \$14,000 billion, but during the same period the world's GNP has only increased by \$8,600 billion. Military expenditure has far exceeded the total economic growth.

In recent years, military expenditure has been increasing at an even more horrifying speed. World military expenditure last year was about \$900 billion, but it is nearly \$1,000 billion this year. The excessive swelling in military expenditure has consumed a great deal of precious manpower, material, and financial resources. Funds directly spent on the purchase and manufacturing of weapons have increased from several tens of billions of U.S. dollars each year in the 1970's to the current several hundreds of billions a year. Manufacturing large quantities of advanced weapons and military equipment has consumed large quantities of iron and steel and nonferrous metals as well as the limited resources of the earth. It has also affected the development of civil industries.

What merits our attention is that the sharp increase in the world's military expenditure is mainly a result of the arms race between the two superpowers. In total world military expenditure, that of the developing countries only makes up about 20 percent, but that of the developed countries makes up about 80 percent. Of this, the military expenditure by the United States and the Soviet Union alone constitutes about 60 percent. The two major world military groups possess the largest numbers of arms. The most advanced weapons and military equipment are in the hands of a small number of countries, especially in the hands of the United States and the Soviet Union.

This enormous military expenditure has brought about a serious and harmful influence in various countries, especially on economic development and people's living standards in the developing countries. Generally speaking, the military expenditure by both the developed and developing countries makes up about 20 percent of their financial expenditure. This has caused them funding deficits in various other fields. For example, in order to increase military expenditure, the United States cut down its civil expenditure by about \$40 billion in 1987, including subsidies to agricultural production and food, housing, medical, and other subsidies for the poor. Some developing countries have even raised enormous loans to purchase munitions. From 1974 to 1985, the developing countries' foreign debts increased by \$580 billion, of which \$250 billion was incurred through the purchase of munitions from the developed countries.

To stop the arms race and reduce military spending are the common wishes of the world's people. The superpowers, which have the largest nuclear and conventional armories in the world, should take the lead in disarmament. According to statistics by some specialists, the international community at present is providing \$40 billion aid to the developing countries each year, which is only 4 percent of world military expenditure. When the world's military expenditure is cut by 1 percent, the funds thus saved can be used to provide those countries which are still not self-sufficient in agriculture, with agricultural equipment and help them develop agricultural production. In order to eliminate smallpox, the World Health Organization has spent \$300 million on it, which is only a sum equal to the price of a high-grade missile [sentence as published]. Facts show that by reducing armaments, we will certainly be able to release large sums of money to develop the world economy and to help the developing countries in their economic development.

Today, people are paying a good deal of attention to the attitude of the two superpowers at the conference. At a recent press conference some reporters asked: Do you think the conference will be a success since the United States will not be present and there have been different views in the preparatory committee? Miss (Lorna), the secretary-general's special consultant for the conference, replied: "The preparatory committee has drafted a final document for the conference, including a suggestion as

to how it can reach possible concrete agreements. This has yet to be further discussed at the conference."

Foreign Ministry on Malaysian Visit

OW261000 Beijing XINHUA in English 0958 GMT
26 Aug 87

[Text] Beijing, August 26 (XINHUA) — At the invitation of the Chinese Government, Deputy Prime Minister Abdul Ghafar Bin Baba of Malaysia will pay an official visit to China from 6 to 13 September.

A foreign ministry spokesman announced this at a weekly press conference here this afternoon.

The spokesman also announced that a Chinese Government delegation led by Wu Wenying, minister of textile industry, will go to Ethiopia to attend the celebrations of the founding of the People's Democratic Republic of Ethiopia from 9 to 13 September.

United States & Canada

U.S. Boycott, Arms Meeting Viewed

OW251408 Beijing XINHUA in English 1343 GMT
25 Aug 87

["Hiding its Head in the Sand — A Commentary on U.S. Boycott of U.N. Conference on Disarmament and Development (by Qian Wenrong)"] — XINHUA headline]

[Text] United Nations, August 24 (XINHUA) — With the exception of the United States, delegates from some 140 countries gathered at the U.N. headquarters today to discuss disarmament and development — two vital issues facing the world.

The international conference on the relationship between disarmament and development was first proposed by French President Francois Mitterrand in 1983 and is in accordance with a resolution adopted by all U.N. members, including the United States at the 40th General Assembly in 1984.

The conference comes at a time when worldwide military expenditure has climbed close to one trillion U.S. dollars a year, some 25 times more than all the official development aid given to the developing nations.

The arms race, mainly between the two superpowers, has not only caused tension in international relations, but has also hindered the social and economic development in both the industrialized and developing countries.

The conference, the first of its kind in the four decades of U.N. history, reflects the strong desire of the world people for peace and development. They hope that through disarmament, huge financial, material and manpower resources may be diverted into development.

The U.S. boycott of the conference has aroused sharp criticism at home and abroad. Several U.N. diplomats here said that some Western nations are very angry with the U.S. decision, describing it as "defeatist".

In an article in today's *New York Times*, Edward Luck, president of the United Nations Association of the United States, warned that by its absence, the United States might turn a benign event "into a forum for grumbling about American arrogance."

The Reagan administration argues that its "non-participation in the meeting stems from our belief that the two matters (disarmament and development) are not appropriately considered in terms of their inter-relationship."

Obviously, the argument has no leg to stand on. The fact is that different views can be aired and discussed at the U.N.

Although the overwhelming majority of the member states hold that disarmament and development are two distinct processes, they are, at the same time, linked. And therefore, different views on the relationship between the two should not be used as an excuse for the boycott of the meeting.

It was reported that in a letter to U.S. Secretary of State George Shultz earlier this year, 14 members of the U.S. Congress described the Reagan administration's argument as "an oversimplification that does not reflect the complexities of global economics or security" and urged the government to reconsider its decision.

In defending its boycott, U.S. officials voiced their objection to the position of non-aligned nations, which say the superpowers should disarm first and then channel the money saved from arms cuts into economic development for the South.

The two superpowers possess the largest nuclear and conventional arsenals in the world and their military expenditure accounts for more than 60 percent of the world's total. Their spendings on the arms race have far exceeded their need for national defense and their competition poses a grave threat to world peace and social and economic development, particularly for the developing countries.

Therefore, the developing nations and all other peace-loving nations and peoples have every reason to call on the superpowers to take the lead in cutting down their military spendings and reducing armaments and to devote part of the resources released from disarmament to assisting them.

The United States' claim that the meeting would discredit Reagan's "star wars" program only shows that the Reagan administration is afraid of criticism from the international community and is bent on continuing the arms race against the Soviet Union.

Luck put it well when he said in his article, "rather than confidently setting forth its ideas and exercising global leadership, the Reagan administration is content once again to hide its head in the sand, fearful of an open competition with competing ideologies and perspectives."

Northeast Asia

Roundup on Turmoil in South Korea

OW250938 Beijing XINHUA Domestic Service in Chinese 0551 GMT 23 Aug 87

["Roundup: Upsurge of Labor Movement in South Korea (by reporter Guo Quanyou)" —XINHUA Headline]

[Text] Beijing, 23 Aug (XINHUA) — Just as the ruling and the opposition parties of South Korea are holding tense bargaining on the issue of "constitutional amendment," a swift and violent strike movement has swept across South Korea and further exacerbated the political turmoil.

Under the impact of popular struggle with young students as the mainstay, No Tae-u, chairman of the South Korean ruling party, made a "special proclamation" on 29 June and was forced to accept the demands for direct election of the next president and revision of the existing Constitution. This was a major triumph of the democratic movement in South Korea and also enhanced the workers' determination to wage a struggle.

Over the last month and more, masses of workers have waged more than 1,000 struggles demanding improvement of working conditions, wage increases, establishment of independent labor unions, and participation in enterprise management. The movement has swiftly expanded from large enterprises and cities to small and medium-sized cities and towns, and from mining, transportation, and manufacturing industries to export departments. In regard to the scale of the struggle, it has increased from scores and hundreds of people to tens of thousands of people. The struggles have developed into street demonstrations from sit-ins and strikes, and some violent actions have been used. According to the assessment of the South Korean authorities, the struggles have already led to millions of dollars in losses for South Korea. If the situation does not calm down this year, economic growth in the second half of this year will drop to 5.8 percent from 15.3 percent in the first half of this year.

The upsurge of the workers' struggle in South Korea is not accidental. South Korean workers' basic rights have been relentlessly suppressed for many decades under the rule of military dictatorship. To date, many South Korean enterprises and professions still do not have workers' unions. The existing unions do not represent the interests of the masses of workers and are regarded as "government tools." Under such circumstances, most workers have to do strenuous labor for low wages, for long hours, and under poor conditions.

In recent years, South Korea's economy has grown relatively fast, but, working and living conditions are still very hard for most workers. According to data collected from South Korean papers, many workers have to work 70 to 90 hours per week. Minimum monthly livelihood

expenses for a family of four can reach as much as 350,000 won (800 won is equivalent to \$1), yet the monthly income of hundreds of thousands of South Korean workers is less than 100,000 won. In today's South Korean society, the phenomenon of the "poor getting poorer and the rich getting richer" is getting more serious each day. On the one hand, the privileged stratum, which constitutes only 3 percent of the total population, has control of over 45 percent of the total wealth of the society; on the other hand, there are more than 3 million poor in large and medium-sized cities. Unable to continue life, 8,657 people committed suicide in 1985.

Recently, during the South Korean consultations for "constitutional amendments," the opposition party, the Reunification Democratic Party, strived to incorporate the "three rights" (the right to establish trade unions, to collective negotiations, and to stage strikes), into the new Constitution, but they met with unreasonable objections from the ruling party. This undoubtedly further stimulated the raging workers' movement.

According to South Korea official estimates, if the present labor dispute continues until next year, South Korea's economic growth in 1988 will fall below 5 percent. But the most disturbing factor for the authorities is the imminent resumption of the new college semester. Once the workers' struggle combines with the students' movement, it will increase the difficulties for the ruling party in the presidential election slated for the end of this year.

Yang, Zhang Meet DPRK Delegation

OW251458 Beijing XINHUA in English 1436 GMT 25 Aug 87

[Text] Beijing, August 25 (XINHUA) — Yang Shang-kun, vice-chairman of the Central Military Commission, and Zhang Aiping, state councillor and minister of national defense, met with a government and military delegation from the Democratic People's Republic of Korea (DPRK) here this evening.

The delegation is led by general O Kuk-yol, member of the Political Bureau of the Korean Workers' Party and chief of the general staff of the Korean People's Army.

During the meeting, Yang said that the friendship between China and the DPRK and their parties, peoples and armies has been cemented with blood and is therefore unbreakable, hoping that this friendship will continue to grow.

O Kuk-yol said that it is a firm stand of the Korean Workers' Party as well as the determination of the Korean people to enhance Korea-China friendship.

Yang and Zhang hosted a dinner for the Korean visitors after the meeting.

Gao Di Receives DPRK Delegation

SK260939 Changchun Yilin Provincial Service in Mandarin 2100 GMT 25 Aug 87

[Text] At the invitation of the Jilin Provincial CPC Committee, the eight-member delegation of the DPRK's

Yanggang Provincial Committee of the Workers Party of Korea [WPK], headed by (Kim Man-cho), secretary of the educational and labor organization under the Yanggang Provincial WPK committee, and with (Ho Nim-wan), responsible secretary of the Papsan County WPK Committee, as its deputy head, arrived in Changchun by train early on 25 August to pay a visit to our province.

Wang Zhongyu, deputy secretary of the Jilin Provincial CPC Committee; Bi Kebin, head of the provincial external affairs office; and (Xu Qing), deputy secretary of the Changchun City party committee, warmly welcomed the delegation at the railway station.

Members of the delegation include (Yu Tae-pok), secretary of the primary party of the Yanggang Provincial Administrative and Economic Guidance Committee; (Pak Dong-ho), vice chairman of the party committee of the Yanggang Provincial WPK Committee; (Pak Kum-nam), secretary of the primary party of the (Fengxu) forest production enterprise; (Pak Chang-chu), secretary of the (Sansu) Town party committee; (Yun Han-chu), instructor of the International Department of the WPK Central Committee; and (Yun Nam-kyt), vice president of the Yanggang Provincial institute for hepatitis prevention.

Comrade Gao Di received all members of the delegation at the Nanhu Guesthouse on the afternoon of 25 August. The host and guests held in an extremely cordial and friendly atmosphere. They also had a group photo taken to mark the occasion. After that, the Jilin Provincial CPC Committee held a banquet in honor of the Yanggang Provincial delegation. Comrade Gao Di and (Kim Man-cho) successively proposed toasts in an atmosphere of brotherly friendship. Both Chinese and Korean comrades-in-arms raised their glasses simultaneously to wish the parties and peoples of the two countries new successes in their socialist construction and reunification of their motherlands.

Attending the banquet were provincial and Changchun City party and government leaders and responsible persons of relevant departments, including Wang Zhongyu, Bi Kebin, and (Xu Qing).

Decline in Trade With Japan Noted
HK260951 Beijing CHINA DAILY in English
26 Aug 87 p 2

[Text] Sino-Japanese trade experienced a marked drop during the first seven months of this year compared with the same period last year, *China Daily* learned yesterday.

According to official statistics, trade volume between the two countries during the January-July period was \$8.58 billion, compared with \$9.49 billion a year ago.

China's imports of Japanese goods amounted to \$5.31 billion during this period, compared with \$6.81 billion last year. Its exports to Japan were \$3.26 billion against \$2.68 billion in the corresponding period of last year.

Sino-Japanese trade has been on the decline recently, a situation the Japanese should pay close attention to, Fu Hao, Chairman of the Sino-Japanese Friendship Group attached to the National People's Congress, told a Japanese delegation recently.

He said that during the first half of this year, the trade volume between China and Japan accounted for only one sixth of the former's total foreign trade during the period. The figure was one quarter a few years ago.

Fu said the drop in world oil prices recently is partially responsible for the decline in the trade volume between the two countries. But the high customs duties imposed by Japanese Government on China's traditional commodities have also retarded a normal increase in trade volume, he said.

Only recently, the Japanese Government decided to raise the price of steel sold to China by \$100 to \$150 a ton. Japanese steel exports to China account for more than half of the latter's total steel imports.

Southeast Asia & Pacific

Thailand's Sitthi Continues Visit

Meets Deng Xiaoping

OW251214 Beijing XINHUA Domestic Service in Chinese 1021 GMT 25 Aug 87

[Text] Beidaihe, 25 Aug (XINHUA) — Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, said today that since Vietnam and the Soviet Union have not changed their stand on the Cambodian question, China cannot and will not change its policy of supporting the tripartite resistance forces in Cambodia, and that the Association of Southeast Asian Nations and the international community also should not change their stand on this issue.

Deng Xiaoping made the above important remarks on the Cambodian question during a cordial meeting with the visiting Foreign Minister of Thailand Sitthi Sawetsila at the summer beach resort of Beidaihe this morning. The meeting lasted 45 minutes.

Deng Xiaoping pointed out: Although Vietnam has talked a lot and used different rhetoric on the Cambodian question, its strategic idea of establishing an "Indo-chinese confederation" has remained unchanged. In an attempt to set up the "confederation" controlled by itself, Vietnam has put forth various proposals, all of which have avoided the crucial issue of troop withdrawal from Cambodia.

Deng Xiaoping continued: The Soviet Union's basic stand of supporting Vietnam's occupation of Cambodia has also remained unchanged. This is why China has always insisted that Sino-Soviet political relations cannot be normalized until after the three major obstacles are removed, first of all, Vietnam's troop withdrawal from Cambodia to end the aggression and restore Cambodia's independence.

Deng Xiaoping emphatically pointed out: China has always maintained that after Vietnam pulls out its troops, Cambodia should become an independent, peaceful, neutral nonaligned country really headed by Prince Sihanouk. It seems that the settlement of the Cambodian issue will take some time and active efforts by various quarters. Deng Xiaoping praised Foreign Minister Sitthi for his effective work on the Cambodian issue, adding that the ASEAN foreign ministerial meeting on 16 August issued a useful statement.

Foreign Minister Sitthi thanked Chairman Deng Xiaoping for his briefing on China's stand on the Cambodian question. He said that Thailand shares a completely identical stand with China on this. He reiterated Thailand's continued support for the Cambodian tripartite resistance forces.

Deng Xiaoping also briefed Sitthi on the preparations for the 13th CPC National Congress. He said that after the congress, the leadership level will become younger. He stressed that the policies China has implemented over the past 8 years or so will not change, and the reforms and open policy will be further stepped up.

State Councillor and concurrently Foreign Minister Wu Xueqian was present at the meeting.

Foreign Minister Sitthi and his party arrived at Beidaihe from Beijing by special plane this morning. They returned to Beijing in the afternoon and will depart Beijing for home in the evening.

USSR Ties, Cambodia Discussed

OW251202 Beijing XINHUA in English 1142 GMT
25 Aug 87

[Text] Beidaihe, August 25 (XINHUA) — China's senior leader, Deng Xiaoping, said today that since the stand of Vietnam and the Soviet Union on the Kampuchean issue has not changed, China's policy of supporting the three resistance forces cannot and will not change.

In addition, Deng said, ASEAN and the international community should not change their position on the Kampuchean issue either.

Deng, chairman of the Chinese Communist Party Central Advisory Commission, made these remarks during a 45-minute meeting with visiting Thai Foreign Minister Sitthi Sawetsila in Beidaihe, a summer resort, earlier today.

Deng pointed out that Vietnam has said a lot on the Kampuchean issue and its wording has changed a great deal, but its strategic thinking of setting up an "Indo-China federation" has not changed.

Vietnam has put forward a number of proposals but all try to avoid the crucial issue of withdrawing its troops from Kampuchea in an attempt to cook up a "union" under its own control, Deng said.

The Soviet Union's basic stand of supporting Vietnam's occupation of Kampuchea has not changed, Deng noted.

Therefore, he said, China has always held that only when the three main obstacles (Moscow's support for Vietnam's aggression against Kampuchea, its presence in Afghanistan and its stationing of troops on China's borders) are removed, can the political relations between China and the Soviet Union be normalized. The most important thing is that Vietnam should withdraw its troops from Kampuchea, end its aggression against that country and let Kampuchea regain its independence.

China always holds that after the withdrawal of Vietnamese troops, Kampuchea should become a country of independence, peace, neutrality and nonalignment and with Prince Norodom Sihanouk as its real head, Deng told the Thai visitors.

He added that it will take time to solve the Kampuchean issue. Therefore various sides should make new efforts.

Deng praised Sitthi for his work for the settlement of the Kampuchea question and spoke highly of the August 16 statement issued at the conference of foreign ministers of ASEAN countries.

The Thai foreign minister thanked Deng for his reaffirmation of China's stand on the Kampuchean issue.

Thailand and China are in complete agreement on this issue, Sitthi said, adding, "Thailand will continue to support the three Kampuchean resistance forces in their struggle."

Briefing the visitors on the forthcoming 13th Chinese Communist Party congress, Deng said the congress will usher in a younger leadership.

He said that the current policies will not be changed and greater efforts will be made to press ahead with the reform and open policies.

Present at the meeting was Chinese State Councillor and Foreign Minister Wu Xueqian, who accompanied the Thai visitors to Beidaihe from Beijing and then flew back to Beijing in the afternoon.

The Thai visitors were scheduled to leave Beijing for home in the evening.

Philippines' Laurel on Relations

OW251541 Beijing XINHUA in English 1439 GMT
25 Aug 87

[Text] Manila, August 25 (XINHUA) — Vice-President Salvador Laurel today called for strengthening the Philippines' friendship with the People's Republic of China.

Laurel, who is also foreign affairs secretary, made the remarks when addressing the Third International Congress of Professors World Peace Academy here today.

"China," he noted, "will play a vital role in the world's eternal quest for peace. And we, who are her immediate neighbors, have to reckon with the impact of that reality."

He stressed that "not simply because the new alliances provide a counter-balance to what some of us may perceive as serious threats to world peace, but because, we are demonstrating that there is no contradiction between peaceful co-existence and divergent ideologies."

Laurel noted that his first visit to China was before the establishment of the diplomatic relations between the two countries, and had visited China again in 1979 and 1986. "I was amazed at the tremendous economic strides that China had achieved since it opened its doors to the outside world," he said.

Philippines Postpones Entry Ruling

OW251446 Beijing XINHUA in English 1415 GMT
25 Aug 87

[Text] Manila, August 25 (XINHUA) — The Philippine Government has decided to postpone the implementation of a memorandum order on imposing new restrictions on the entry of Chinese nationals from the People's Republic of China into the Philippines, according to the Commission on Immigration and Deportation today.

The order, issued by the Foreign Department to the commission on July 30, 1987, would have taken effect today.

In an interview with reporters, Enrique Joaquin, commissioner of the commission, said that the Department of Foreign Affairs yesterday instructed the commission to delay the implementation of the memorandum order on the requirement to be imposed for a cash bond of 100,000 pesos (about 5,000 U.S. dollars) for the entry of each Chinese national from the People's Republic of China.

The commissioner said the Foreign Affairs Department will soon call an inter-committee meeting of the Department of Tourism, the Commission on Immigration and Deportation and other government agencies to discuss again the matter and make the final decision on it.

Since the press disclosed the new restrictions to be imposed on the entry of Chinese nationals, the Filipino-Chinese community here has strongly opposed the move of discrimination against Chinese nationals.

Sub-Saharan Africa

Zhao Ziyang Reiterates Namibia Support

OW 252058 Beijing XINHUA in English 1804 GMT
25 Aug 87

[Text] Beijing, August 26 (XINHUA) — Chinese Premier Zhao Ziyang today condemned the South African authorities for hindering Namibian independence and reiterated support for the Namibian people in their just struggle.

In a message to the President of the United Nations Council for Namibia Peter Zuze to commemorate "Namibian Day" today, Zhao said "The apartheid policy pursued by the South African authorities, its illegal occupation of Namibia and its repeated acts of disrupting peace and stability of its neighbouring countries are the root cause for the sustained turbulence in southern Africa."

"The South African authorities have recently tried once again to take illegal unilateral action for the so-called 'internal settlement' which has posed new obstacles to the struggle of the Namibian people for their national independence," Zhao said.

The Chinese premier added, "The Chinese Government and people strongly condemn this unlawful action of the South African authorities."

Zhao praised the U.N. Council for Namibia for its "unremitting efforts" to safeguard the legitimate rights and interests of the Namibian people. "The extraordinary plenary meeting of the Council for Namibia held in Luanda last May and the final documents adopted by the council have played a positive role in mobilizing the international community to support the Namibian people in their struggle," he said.

The visit to China by the delegation of the Council for Namibia last June "has further enhanced our efforts and cooperation in fighting for early independence of Namibia," Zhao said.

"The Chinese Government and people will, as always, resolutely support the Namibian people in their just struggle for national independence together with the people of the world. We are convinced that the just cause of the Namibian people is bound to win final victory," Zhao concluded.

West Europe

Peng Chong Meets FRG Group

OW250950 Beijing XINHUA in English 0934 GMT
25 Aug 87

[Text] Beijing, August 25 (XINHUA) — Peng Chong, vice-chairman of China's National People's Congress Standing Committee, met here today a delegation of the chamber of industry and commerce of Frankfurt am Main from the Federal Republic of Germany, which was led by President of the Chamber Dr Hans Messer.

Jia Shi, president of the China Council for the Promotion of International Trade, was present.

Luxembourg' Poos Continues Visit

Meets Wan Li

OW250948 Beijing XINHUA in English 0930 GMT
25 Aug 87

[Text] Beijing, August 25 (XINHUA) — China hopes to promote political and economic cooperation with European Community countries and appreciates the active

attitude of Luxembourg toward the Sino-Luxembourg economic cooperation, Chinese Vice-Premier Wan Li said here today.

During a meeting with Jacques Poos, deputy prime minister and minister of foreign affairs, foreign trade, cooperation, economy and treasury of Luxembourg, Wan Li briefed the guests on China's policy of reform and opening to the outside world.

China must adopt an opening policy and introduce advanced technology from developed countries, learn advanced management skills and use foreign funds so as to develop itself, Wan Li said, adding that in this aspect, there are broad prospects for cooperation between China and Europe.

Jacques Poos said European countries attach great importance to Chinese Government's efforts in its reform. The European countries including Luxembourg are willing to contribute to China's modernization.

The two leaders expressed their hope to further the bilateral economic cooperation.

Confers With Chen Muhua

OW250958 Beijing XINHUA in English 0935 GMT
25 Aug 87

[Text] Beijing, August 25 (XINHUA) — Chinese State Councillor and Governor of the People's Bank of China Chen Muhua exchanged views here this afternoon with Jacques Poos, deputy prime minister and minister of foreign affairs, foreign trade, cooperation, economy and treasury of Luxembourg, on promoting the financial cooperation between the two countries.

Chen Muhua said the economic and trade cooperation between China and Luxembourg is developing, so the two countries' financial cooperation is sure to be constantly strengthened.

Rong Yiren, vice-chairman of the National People's Congress Standing Committee and chairman of the board of directors of the China International Trust and Investment Corporation, also met the Luxembourg prime minister and his party here this afternoon.

Li Xiannian on Peace

OW261028 Beijing XINHUA in English 1011 GMT
26 Aug 87

[Text] Beijing, August 26 (XINHUA) — "China is a developing country and its national construction depends on self-reliance," Chinese President Li Xiannian said here today.

"China's construction also needs help from our friends, but with a population of one billion, we must rely on ourselves," the Chinese leader added while meeting with the visiting Deputy Prime Minister of Luxembourg Jacques Poos this morning. He expressed his thanks for Luxembourg's help.

China has changed a lot because of the country's policies which facilitate modernization, Deputy Prime Minister Jacques Poos said, adding Luxembourg is optimistic about China's future and willing to contribute to its modernization program.

Commenting on the international situation Li Xiannian said, "problems should be solved through negotiations, not confrontation."

"It's good the United States and the Soviet Union are holding talks," Li added, "and I hope these two superpowers will continue to negotiate, reach agreements and implement them."

"Peace enjoys popular support, but war does not," Li said, adding he hopes West European countries will unite and form a force for peace.

Li asked Poos to convey his best wishes to the Grand Duke of Luxembourg and invited the grand duke and the crown prince to visit China.

This morning, Chinese State Councillor and Foreign Minister Wu Xueqian held talks with Jacques Poos and discussed East-West relations, disarmament and the further development of relations between China and Luxembourg.

Poos and his party are scheduled to leave Beijing Thursday to tour other parts of China.

Loan Agreement Signed

OW251651 Beijing XINHUA in English 1523 GMT
25 Aug 87

[Text] Beijing, August 25 (XINHUA) — The government of Luxembourg will provide China with a low-interest loan of 100 million Luxembourg francs this year to finance the renovation of a blast furnace at the Anshan Iron and Steel Complex in northeast China.

An agreement to this effect was signed by Chinese State Councillor and Foreign Minister Wu Xueqian and visiting Deputy Prime Minister and Minister of Foreign Affairs, Foreign Trade, Cooperation, Economy and Treasury of Luxembourg Jacques Poos here today.

Also signed here today were two contracts on technical cooperation for a bell-less top charging system and automation system for monitoring and control of the No 11 blast furnace of the Anshan Iron and Steel Complex. They were signed by the China Metallurgical Import and Export Corporation (CMIEC) and Paul Wurth Co Ltd of Luxembourg.

Paul Wurth Co Ltd and CMIEC have so far signed nine technical cooperation contracts worth 30 million U.S. dollars.

The Bank of China and three Luxembourg banks also signed today a credit agreement, according to which the three Luxembourg banks will provide the Bank of China with a loan of 250 million Luxembourg francs to finance the projects covered by the two contracts signed today.

Attends Banquet

OW251655 Beijing XINHUA in English 1544 GMT
25 Aug 87

[Text] Beijing, August 25 (XINHUA) — Jacques Poos, deputy prime minister and minister of foreign affairs, foreign trade, cooperation, economy and treasury of Luxembourg, was honored at a banquet given by Chinese State Councilor and Foreign Minister Wu Wueqian here this evening.

Speaking at the banquet, Wu praised Luxembourg for its contributions to the development of Europe, its efforts to relax international tension, opposition to the arms race, support for North-South dialogue and positive role in international affairs.

He expressed satisfaction with the cooperation between the two countries in various fields since the establishment of their diplomatic relations 15 years ago.

He said that the grand duke and other leaders of Luxembourg have visited China, while Chinese President Li Xiannian will visit Luxembourg soon. These visits have helped and will further promote mutual understanding and cooperation between the two countries, he asserted.

He expressed the belief that through their common efforts, China and Luxembourg will further develop their friendly cooperation in various fields.

Jacques Poos replied that the past 15 years have witnessed fruitful cooperation and growth of diversified relations in various fields between the two countries.

He said that frequent political contacts between the two countries have consolidated their basis for friendship and successful cooperation. The coming state visit by Chinese President Li to Luxembourg will mark an important moment in Luxembourg-China relations.

He said that he has come with a large group of business people, showing that the economic and financial circles of Luxembourg are confident about China's future development, and Luxembourg hopes to further diversify its economic cooperation with China.

Before the banquet, Wu and Poos exchanged views on international issues of mutual concern and reached identical or similar views.

13th National Congress Previewed
HK260350 Hong Kong WEN WEI PO in Chinese
26 Aug 87 p 2

["Special feature" by correspondent Cheng Hsiang (4453 5046): "The Necessity of Political Structural Reform — Preview of the 13th Party Congress — Part 2"]

[Text] The political report to the 13th Party Congress, principally drafted by the "Central Political Restructuring Group," will expound in an all-round way the necessity of political structural reform. Now let me give an account of what I have learned:

First, the existing political structure took shape in the war years. Environmental changes have meant that some of the systems that were effective in those years are seriously out of accord with the situation in peace time. The pattern of highly concentrated party, government, army, and economic powers from the war years is suitable for waging class struggle rather than the launching of peaceful construction; it is suited to mass movements rather than normal work order; and it is suited to the unitary objective of seizing political power rather than the needs of political, economic, cultural construction and the diversified development of social life. This has resulted in the serious defect of bureaucratism and obstructed the development of the socialist economy and democracy.

Second, under the existing system, party work is not separated from government work and power is excessively concentrated in the party, the party Central Committee, and individuals. This will inevitably lead to such tragedies as the "Cultural Revolution." Therefore, another objective of the political structural reform is to prevent the repetition of such tragedies.

Third, the great innovative progress we have made in economic reform over the past 8 years has increasingly sharpened the contradiction characterized by the inability of the economic and political structures to adapt to each other. If we do not promptly carry out the relevant political structural reform, it will be impossible to carry out the economic structural reform thoroughly.

Fourth, another necessity in conducting political structural reform is to stimulate the democratization of state political life. With the improvement in the people's living standards, the people have considerably enhanced their consciousness as the main body of power and their consciousness to participate in government and political affairs. Therefore, conducting political structural reform and improving the existing political, economic, and social participation mechanisms can help promote socialist democracy and arouse the initiative of the vast masses.

Fifth, conducting political structural reform is also necessary for upholding the four cardinal principles and opposing bourgeois liberalization. Only when our country is strong and the people are prosperous and when we

catch up economically with the developed capitalist countries, are more democratic politically than capitalism, and bring up more highly trained people than these countries can we effectively resist liberalization.

Those are the reasons why the 13th Party Congress wants to carry out reform. It is said that the contents of the last paragraph, which were nonexistent when the report was drafted last year, were added after "anti-liberalization" campaign was launched at the end of last year. The last paragraph chiefly reflects some of Deng Xiaoping's remarks when he met with foreign guests in April and May this year.

Deng Xiaoping Article on Reforms
HK260450 Hong Kong WEN WEI PO in Chinese
26 Aug 87 p 11

[Article by Deng Xiaoping: "The Pace of Reform Must Be Speeded Up"]

[Text] Beijing, 25 Aug — Editor's note: This article is part of the Chinese leader Deng Xiaoping's remarks when meeting LCY [League of Communists of Yugoslavia] Central Presidium member Stefan Korosec on 12 June 1987. [end editor's note]

The relations between us have been very close since relations between our two parties were restored. Comrade Tito opened up a new history in relations between our two parties; he was the first to visit China. At that time our party chairman was Comrade Hua Guofeng, and I met Comrade Tito in the capacity of an old soldier. We had a very good talk and reached a common understanding; we said nothing about what had happened in the past, and just looked to the future. We have now also taken this approach in our relations with the parties and states of other East European countries. We regard today as a new start for developing well the relations of friendship and cooperation between us.

Experiences of the past are worth summing up. I think one point is most important, and that is that every party, whether large, medium, or small, must respect each other's choices and experiences, and should not arbitrarily make indiscreet criticisms of the affairs of other parties and countries. This should be the case for both ruling and non-ruling parties. For instance, in the past we also discussed this question with the French and Italian parties, that we should respect their experiences and choices. If they made mistakes, they should correct them themselves. They should also take the same approach to us and allow us to make mistakes which we will subsequently correct ourselves. This is because every country and party has its own experiences and their circumstances vary greatly. We oppose the idea of "a party of elders," and are right to do so. Neither are we in favor of having some "center." However, we too have made mistakes in arbitrarily and indiscreetly criticizing others. This experience has told us that new-style relations should be established between parties, hence we have proposed a principle for handling problems in

inter-party relations. I believe that the basis for the friendship and cooperation between us will become still firmer and long-lasting. The relations between our two countries and parties will develop continually on this basis.

China is now carrying out domestic reforms. We advocate reform because without reform there is no way out, and several decades of practice have proven that the old ways will not succeed. In the past we copied the patterns of other countries, with the result that this hampered the development of the productive forces and led to ossification in thinking. It hindered the effort to exploit the initiative of the people and the grass roots. In addition we also made other mistakes, for instance the "Great Leap Forward" and the "Great Cultural Revolution," which were not problems of copying the patterns of other countries. It can be said that beginning in 1957 our main mistake was "leftism," and the "Great Cultural Revolution" was ultraleftist. For the 20 years from 1958 to 1978, Chinese society was in a stagnant state, with little development or improvement in the national economy and people's living standards. Could we carry on in this way without reforms?

Therefore, beginning with the 3d Plenary Session of our 11th CPC Central Committee in 1978, we decided on our fundamental political line and regarded the four modernizations drive and the effort to develop the social productive forces as our overriding central task. On this basis we have formulated a whole series of new principles and policies, the main one being the policy on reform and opening up. Reform means all-round reform, including economic structural reform, political structural reform, and corresponding reforms in other fields. Opening up means opening up to all countries in the world and to countries of all kinds. We are also opening up internally, since invigorating the domestic economy means opening up internally.

Our reforms and opening up started with the economy, and began first with the rural areas. Why did we start with the rural areas? Because the rural population accounts for 80 percent of our total population, and unless the rural areas are stable, the entire political situation is unstable; unless the peasants can be gradually extricated from poverty, this means that the great majority of the people in our country have not been extricated from poverty. Therefore, after the 3d Plenary Session of the 11th CPC Central Committee, we decided to carry out rural reforms and to give decisionmaking powers to the peasants and the grass roots. This immediately mobilized the initiative of the peasants and the grass roots. We have promoted diversification in agriculture. Not only have we achieved a big increase in grain production, output of industrial crops has also risen rapidly. The extraordinary speed at which the rural reforms produced results was something we had not expected. Frankly speaking, before the reforms, the great majority of the peasants were living in extreme poverty and suffering extremely great difficulties in their clothing, food, housing, and travel. Since the reforms were

instituted, the peasants' initiative has been greatly stimulated. They act in light of local conditions, growing grain where it should be grown and growing industrial crops where these should be grown. Their outlook changed the moment they were given decisionmaking powers. In many places the results were apparent within 1 year, with big increases of income being recorded, sometimes doubling or even trebling. Of course, this does not mean that every single person is in favor of reform. When it started, two provinces took the lead, one of them being Sichuan, where Comrade Zhao Ziyang was in charge; that is my home province. The other was Anhui, where Comrade Wan Li was in charge. He is now our Acting Premier. It was on the basis of the experiences accumulated in these two provinces that we formulated the principles and policies on reform. After these principles and policies were made public, certain provinces hesitated and expressed doubts, and some only caught up after observing things for 1 year. And some only caught up after observing things for 2 years. At that time, the central authorities' guiding principle was to wait for them and let the facts educate them;

The rural reforms have, generally speaking, developed relatively fast, and the peasants' initiative was mobilized by them. We had not anticipated at all the great result, which was the development of township and town enterprises with the sudden emergence of diversification, commodity economy, and all kinds of small enterprises appearing in vast numbers. This was not an achievement of the central authorities. The township and town enterprises have grown at an annual rate of more than 20 percent for several years now, and this is still the case right now. Five months of this year have now passed, and the increase during this period has been more than 20 percent compared with the same period last year. Industry is the main item in the development of the township and town enterprises, and there are other trades as well. These have solved the employment problem for 50 percent of the surplus rural manpower. Instead of flocking into the cities, the surplus rural manpower has established large numbers of small and new-style townships and towns. If it is said that the central authorities have achieved something in this respect, then it refers to the correctness of the central policy of enlivening the economy. That this policy has produced such results has shown us that we have done something extraordinarily good.

This was something that I personally had never anticipated; these results suddenly became apparent.

In short, the rural reforms have yielded extremely rapid and marked results. Of course, this certainly does not mean that all rural problems have already been solved.

The success of the rural reforms boosted our confidence, and we proceeded to apply the experiences of the rural reforms in reforms of the urban economic structure. Although these reforms are more complicated than the rural reforms, they too have yielded marked results.

At the same time, our opening up to the world has also achieved the predicted results. We have adopted a variety of forms, including organizing special economic zones and opening up 14 coastal cities. All places that have instituted the open policy have scored marked results. We built the Shenzhen Special Economic Zone first. When this started, Guangdong proposed organizing special zones, and I agreed to their view. I said they should be called special economic zones, it would not be good if they were special political zones. At that time we decided to first organize four special economic zones. There were three in addition to Shenzhen, namely Zhuhai, Shantou, and Xiamen in Fujian. The other three are in Guangdong. I visited Shenzhen once, there is indeed an atmosphere of prosperity there. At that time they let me write an inscription. I wrote: "Shenzhen's development and experiences prove that our policy of establishing special economic zones is correct." At that time there were people in the party who adopted a suspicious attitude. In Hong Kong media circles also, whether they supported or opposed this move, there were also those who had a suspicious attitude and did not believe that we were correct. Shenzhen has now been operating for 7 or 8 years and has scored very great success. Of course, a completely new thing has to be allowed to make mistakes, and the mistakes have been very small. The Shenzhen comrades themselves summed up experiences and switched from facing inward to facing outward; that is to say, they were able to change into an industrial base and to break into the international market. After clarifying this point, they were able to bring about a transformation in 2 or 3 years. The comrades of Shenzhen told me that over half of the zone's industrial output is exported, and foreign exchange receipts and payments are balanced.

I can say with assurance now that our decision on establishing special economic zones was not only correct but was also successful. All doubts can be allayed. Some comrades recently told me that the development speed of the Xiamen Special Economic Zone is even more ideal than that of Shenzhen. It was just a barren tract of land when I went there in 1984, with only an airport. Great changes have taken place there now. We are now building a still bigger special zone — the Hainan Island Special Economic Zone. Hainan and Taiwan are about the same area. Hainan has many resources, such as iron ore and oil. There is also rubber and other tropical and subtropical crops. Hainan will be a great place if it is developed well.

In short, the practice of several years has proved that we are following the correct path in carrying out reform and opening up. Although there are still many problems in every field, it will not be difficult to gradually resolve them. Therefore, we cannot abandon our policy of reform and opening up, and we cannot even slow it down. How fast or slow it should be is one of the questions we are now discussing, because there are risks in reform and opening up. We should stress steadiness, but it will be bad if steadiness turns into stagnation. The

central authorities have recently been considering speeding up the pace of reform and opening up on the basis of summing up experiences. This then is the economic structural reform I am talking about.

We have now put forward a new issue, that is, putting political structural reform on the agenda. This will be one of the main topics of the 13th Party Congress to be held in October. This is a very complex issue, since every measure in reforming the political structure involves millions of people. It mainly involves the cadres, and not just we old folk.

Generally speaking, the political structural reform always refers to democratization, but the meaning of democratization is not so clear. Democracy in capitalist society is bourgeois democracy, and in fact is democracy of the monopoly capital. It is nothing but multi-party elections and the separation of three powers. Can we also introduce a system of the separation of three powers? Ours is a system of the people's congress, and is the people's democratic system under the leadership of the Communist Party. Socialist countries have a great advantage, that is, once the determination is made and a resolution is adopted on an issue, it will be put into practice at once without interference and obstruction. After we decided to carry out the economic structural reform, it was immediately implemented throughout the country; after we decided to establish the special economic zones, the decision was also implemented at once. There was no trouble caused by argument, controversy, or objections to delay the implementation of the decisions. In this sense, we are highly efficient. We cannot copy the so-called democracy in the West, and cannot imitate their practice of separating the three powers; instead, we should practice socialist democracy and should guarantee the advantages of socialism. The efficiency I mention is not merely in the aspects of economic and administrative management, but is efficiency in a general sense. We must maintain this advantage. But as far as efficiency of economic and administrative management is concerned, the capitalist countries may have more advantages than we do in many respects.

We certainly have many bureaucratic phenomena. Take the personnel system as an example. This may be a common problem for all socialist countries. The problem is the ageing and ossification of cadres. This is first reflected in the ideological and organizational fields. Therefore, we think that our reform cannot simply copy the practice of the Western countries, especially their capitalist system. We should decide the contents of our reform and work out reform steps in light of the experience of the socialist countries and in light of our own conditions. Reform in every socialist country is different. Reforms in the East European countries are also different. They have different historical conditions and experiences and different current conditions. So it is impossible to carry out reforms of an identical nature in

different countries. In China, we have many considerations different from yours. However, our common point is to try to maintain our respective advantages and to avoid the diseases and defects of capitalist society.

What purpose will our reform achieve? The general purpose is to consolidate the socialist system, to consolidate the party's leadership, and to develop the productive forces under the party's leadership and under the socialist system. In China, our reform must also be favorable to the implementation of the line, principles, and policies that the party has formulated since the 3d Plenary Session of the 11th CPC Central Committee. To achieve these purposes, I think that we must realize the following three points: First, the party and administrative organs, together with the entire state structure, must be further invigorated, and must not become ossified, and we must have new ideas when dealing with the new things; second, we must really raise our efficiency; and third, we should fully arouse the initiative of the people and the grass-roots units in various trades and industries.

At present, the main issue in invigorating the party and government leading organs is to lower the average age of the cadres in service. The ageing of cadres in China is more serious than in your country. For example, the average age of the members of our party's Central Committee may be older than in any other country. The average age of members of the party's Political Bureau, the Standing Committee of the Political Bureau, and the Secretariat is also too old. Such a problem did not exist in our party in the early years of the People's Republic. In those years, the leaders were comparatively young. After the 11th Party Congress, the problem began to appear. At that time, a large number of old cadres were rehabilitated and returned to leading posts, but they were already too old. At the Eighth Party Congress, I was only 52 years old, but when the "Cultural Revolution" ended in 1976, I was 72, and turned 73 at the 11th Party Congress in 1977. When the 13th Party Congress is held, I will be 83 years old. Although some comrades are younger than I, they are just a few years younger, and they also are old. Therefore, the problem of ageing exists in leading organs at all levels and in all departments. This is a special problem in our country.

Generally speaking, old people tend to stick to habit, and they like to consider things according to their own experience. This is a common point with them. Today's world is developing by leaps and bounds, and this is particularly the case in the field of science and technology; as an old Chinese saying goes, "Marked changes occur every passing day." We must keep up with the times, and this is the goal of our reform. So we must carry out the principle of rejuvenating the ranks of cadres, but the steps for doing this must be prudent and orderly. When selecting and promoting cadres, we cannot merely pay attention to their age, we must also give consideration to their political integrity and professional ability. Some comrades with rich experience should remain in the leading organs, and a multi-tiered structure should be formed. There are still many obstacles to

the completion of this task, and we still have to do a great deal of work to overcome these difficulties.

Raising efficiency and overcoming bureaucratism include the streamlining of administration and many other things.

To arouse people's initiative, the most important step is to devolve more powers to the grass-roots units. The reason for the success in our rural reforms is that more decisionmaking powers were given to the peasants, thus arousing their work enthusiasm. At present, we are trying to spread this experience to all trades and industries so as to arouse the initiative of all parties. This is the most important content of democracy.

Our political structural reform will achieve these three major purposes. Democracy is an important tool in our reform. How to practice democracy is still a new subject for us. For example, at present, we conduct direct and general elections at the county and urban district level; while at the provincial and national levels, there are still indirect elections. In such a large country as ours with a large population and uneven development from one area to another, and with so many nationalities, the conditions for direct elections at the higher levels are still not ripe. First, the educational level of our nation is still too low. In China, we should continue to pursue the system of the people's congress on the basis of democratic centralism, since we cannot copy the two-house parliamentary system and the multi-partisan system from Western countries. In China, there are also a number of democratic parties. They all accept the leadership of the CPC, and are pursuing the system of political consultation among these parties. On this point, some Western opinion media also hold that in a country as large as China, it will be hard to accomplish anything without a firm leadership core. First, the issue of feeding the population would not be properly solved.

Our reform cannot depart from the socialist road and cannot be separated from the Communist Party's leadership. These two points are interrelated and constitute an integrated issue. Without the leadership of the Communist Party, there would be no socialist road. We can never repeat the "mass democracy" as practiced during the "Cultural Revolution." In fact, that was merely anarchism.

In short, the principles, policies, and steps for the economic structural reform have been formulated. The present task is to speed up putting them into practice. We are now discussing the arrangements for the political structural reform and its goal and will work out a basic program for this before the 13th Party Congress. The rural economic structural reform achieved marked results within about 3 years, and it will take at least 3 to 5 years for the urban economic structural reform to achieve the expected results to any noticeable degree. The political structural reform will be more complicated, and we expect that results in this aspect will be achieved in 3 to 5 years' time. In some aspects, it will take about 1 year to achieve some marked results.

Central Authorities Discuss Reform

HK260333 Hong Kong WEN WEI PO in Chinese
26 Aug 87 p 1

[Dispatch: "Central Authorities Meet for Several Days To Study Reform, Opening up"]

[Text] Beijing, 25 Aug — According to reports from Beidaihe, State Councillor Gu Mu has revealed that the central authorities and the State Council have been spending almost every day of the Beidaihe working session this year in holding meetings to discuss questions of reform and opening up. Premier Zhao Ziyang has personally presided at these meetings. The sole topic has been a discussion on how to deepen and make a success of reforms and opening up. Schemes for reforms of the planning, foreign trade, investment, control of materials, and other systems will be tabled after the 13th Party Congress.

Commentator Urges Unity in Reform

HK261023 Beijing JINGJI RIBAO in Chinese
17 Aug 87 p 1

[Commentator's article: "Unity Should Be Achieved in the Midst of the Reform Practice"]

[Text] Through 9 years' efforts, the reform in our country has entered a crucial period. How to more deeply understand the essential law of the reform and deepen the thought and practice of reform is a question that all comrades who support and participate in reform should seriously consider.

People now generally hold identical and clear viewpoints on the urgency of the reform and the changes brought about by the reform. Reform has obviously emancipated the productive forces, promoted the prosperity of the market, raised the people's living standards, and increased our national strength and the vigor of our socialism. All this incontrovertibly proves that reform is the sole way to boost China's development and is an irreversible trend that represents the wishes of the people. However, we should also notice that people's understanding of the essential law of the reform is gradually deepened along with the development of the reform practice. A person's thought may lag behind the development of practice at some stages and in some circumstances. In the previous period, our theory did not keep up with the development of the reform practice, and this reflected the defects and shortcomings in our cognition link.

The relative backwardness of cognition and theory can be ascribed to many reasons. First, reform is an unprecedented cause, and cannot make use of any ready experience or previous models. To carry out reform, we must make continuous explorations and repeatedly deepen our knowledge. Second, rightist and "leftist" ideas have hindered people from thinking correctly about the orientation, objective, and process of the reform. All these problems can be solved only through practice. That is to

say, exploration should be made in the reform practice, and people's thought about reform should be unified and developed through the reform practice. Unifying people's thought about reform on the basis of practice is a correct and effective way to remove various obstacles to our reform.

Why can we deepen and unify our understanding of reform only by participating in the reform practice? This is not only because practice is the foundation for people's cognition and the criterion for judging the truth, but also because the basic characteristic of both "leftism" and rightism is the divorce of thinking from reality. In our present reality, the most important fact is that our society is still in the initial stage of socialism. We should proceed from this basic fact when we consider any questions. Rightism, or bourgeois liberalization, advocates so-called "all-round Westernization," which is not in line with China's concrete conditions. In terms of theory, it does not acknowledge that China can take the socialist road by transcending the fully developed stage of capitalism, and it goes against our basic practice of building socialism with Chinese characteristics. The ossified tendency of "leftism" is also divorced from the great reform practice of the 1 billion people. People who hold the "leftist" viewpoint do not see the achievements of the reform and the great social changes brought about by the reform, do not recognize the fact that without reform the social productive forces will not develop, do not notice the people's initiative and creativity in reform, and do not understand the vigor of reform, which has been demonstrated in actual social life and in the inevitability of the in-depth development of the reform. The viewpoint of "leftism" is also a dogmatic viewpoint, which does not proceed from reality, but from some bookish concepts. It treats Marxism as ossified and immutable dogma, and even treats additional things as socialism. Fundamentally speaking, people who hold the "leftist" viewpoint think that the initial stage of socialism can be transcended without the substantial development of the productive forces. All such erroneous ideas can be gradually overcome only through participation in social practice.

For most comrades, both rightism and "leftism" are mainly problems in the understanding of things. Reform is a historical process, and people correctly understand this process sooner or later. Their differing ideas are not necessarily antagonistic. Under a certain condition, backward and erroneous ideas may change to their opposite in the movement of the contradiction, and the condition here is participation in the reform practice. Practice is the touchstone for testing the correctness of people's ideas. No one can claim to be always correct, and no one can abstractly talk about the correctness of a theory by divorcing the theory from practice. Perhaps your thinking can keep up with the practice and can even give correct guidance to the practice during one period, and your ideas are thus correct; but in another period, your thinking may lag behind the practice, be divorced from the practice, and even go against the practice, and then you may hold erroneous ideas. All rightist and

"leftist" ideas come from people's thinking being divorced from practice. Therefore, achieving identical thinking on the basis of practice is not only the starting point and foothold for us to solve various problems in people's minds, but also the most effective way to prevent and overcome rightism and "leftism."

At present, we have favorable conditions for improving and unifying people's understanding of reform through practice and continuously eliminating the influence of rightism and "leftism." First, through the struggle against bourgeois liberalization in the previous period and the present efforts to eliminate the influence of the ossified ideas of "leftism," people more clearly understand the principle of opposing "leftism" when "leftism" appears and opposing rightism when rightism appears. The party central leadership and the central leading comrades promptly summed up the historical experience and explicitly pointed out the two basic points of the party's line laid down by the 3d Plenary Session of the 11th CPC Central Committee, which are dialectically unified and inseparable. This greatly advanced the consciousness of the whole party and the whole nation, provided a scientific guide to our reform practice and theory, and prevented unnecessary twists and turns in the development of our knowledge. It represented a major breakthrough in our practice and theory. Second, many theoretical workers have responded to the party central leadership's call and have begun to go to the grass-roots units to take part in some practical work and join the masses in summing up the experience of reform and studying and explaining the new issues. This indicates that the situation in which theory lags behind the development of practice will be changed and will be replaced by a new situation, and that people's understanding will inevitably be further improved. Third, the reforms in the past 9 years have not only increased our confidence, but have also provided the best conditions for the development of theory. This will enable us to gain a clearer understanding of the reform. The summing up of positive and negative experience in the past 9 years will enable us to achieve richer fruits in our theory. At present, an important premise is that we should consolidate our unity in the course of practice, and work together to improve our knowledge through practice. We should remove all previous ill will and concentrate on the reform practice and the scientific theoretical studies concerning reform so as to make new contributions to the reform.

An ancient Chinese saying says that "all colleagues should cooperate with and respect each other, and then the cause will make good progress." In reform, all comrades who support and participate in the reform should join hands with each other and make concerted efforts toward the same goal. On the long river of practice and cognition, we should row the boat in a concerted way so that our reform boat can successfully negotiate the hidden reefs of rightism and "leftism" and advance in the correct direction. This is what we should do and what we can certainly do well.

Commentator Views Harmonizing Reform

Beijing LIAOWANG in Chinese No 33, 17 Aug. p 1

[Commentator's article: "Unify the Thinking and Harmonize the Steps"]

[Text] Reform is an arduous process of practice, and is also an arduous process of thinking. According to the formula of "practice — knowledge, more practice — more knowledge," with the deepening of the reform, people's knowledge about reform will become more and more profound. The party members, cadres, and people who show concern for China's destiny have come to realize ever more clearly that only by firmly carrying out the basic line laid down by the 3d Plenary Session of the 11th CPC Central Committee and firmly carrying out reform and opening up can China have a bright future ahead.

Maybe in a previous period some of our comrades still held confused ideas about the basic contents of the line since the 3d Plenary Session of the 11th CPC Central Committee, and still could not grasp the basic points of this line in practice. Today, they should have gained a clear idea about it and are able to grasp it.

More and more facts show that the basic contents of the party's line since the Third Plenary Session are the two basic points: Adhere to the four cardinal principles, and continuously carry out reform, opening up, and economic invigoration. The two points are integrated into an organic entity and both are indispensable. To correctly implement the party's line since the Third Plenary Session, we must integrate adherence to the four cardinal principles with the efforts to continue reform, opening up, and economic invigoration in our practice of building socialism with Chinese characteristics, and in fulfilling the fundamental tasks of developing the social productive forces and raising the level of national economic development. This is the fundamental guideline for all our work. All words and actions which go against this guideline must be consciously corrected. In a previous period, some comrades described the relationship between the two basic points as a key guiding link and a subordinate link. This was incorrect. This merely lowered reform to a less important and subordinate position, and belittled the importance of reform. We must realize that reform and opening up represent new achievements and developments in the party's line since the Third Plenary Session. If it is merely a "subordinate link," how could it be a new achievement and how could any correct line have been laid down by the Third Plenary Session? Some of our comrades separated the two basic points from one another. They only placed stress on one point and did not mention the other. This was also incorrect. This would just give rise to serious one-sidedness, cause confusion in people's minds, evoke doubts and misgivings about the party's line among the masses, and thus disturb and obstruct reform and opening up. Specifically speaking, if the two points are cut apart it will inevitably give rise to two possible deviations: First, people merely talk about reform and opening up without adhering to the four cardinal principles,

and this is a bourgeois liberalization deviation; and second, only one-sided emphasis is placed on the four cardinal principles, and people simply mark time in reform and opening up, this being an ossification deviation. Both deviations are unfavorable to construction of the four modernizations and will not bring wealth and prosperity to the people and the country; on the contrary, either of these two deviations will simply destroy the building of socialism with Chinese characteristics. Therefore, we must not use an ossified viewpoint to treat the four cardinal principles, and neither must we use a bourgeois liberalization viewpoint to treat reform and opening up. Over the past decades, we Communists in China have been writing two major "articles." One is about the democratic revolution, which was aimed at overthrowing the three big mountains, abolishing the exploitation system, and founding a socialist state. The other is about socialist revolution and construction, which is aimed at developing social productive forces, and building socialism and communism. The first article was completed successfully with the founding of the PRC, while the second has just been started and is still far from being accomplished. This is a simple fact: To destroy the old world is always relatively easier than building a new world.

Since the founding of the people's republic, great achievements have been made in our socialist construction, but we have also traversed a tortuous road and paid a heavy price due to the harmful effect of "leftism." The focus of our party's work was not shifted to the correct course of economic construction until the 3d Plenary Session of the 11th CPC Central Committee. The current reform is a great and profound revolution. Reform is a form of self-improvement of the socialist system, and it will certainly encounter various difficulties and obstacles. Only by removing the ideological disturbances from both "leftism" and rightism can we guarantee the socialist orientation and smooth advance of the reform. What attitude should we take toward "leftism" and rightism? The party central leadership has repeatedly pointed out that we should oppose "leftism" when "leftism" exists and also oppose rightism when rightism exists. At present, "leftism" remains the main danger. Of course we should also soberly be aware that disturbances from both "leftism" and rightism will exist throughout the whole process of reform and opening up for a long time. It is rather easy to control the spread of bourgeois liberalization, but it is never easy to wipe out the market for bourgeois liberalization ideas. We can only demonstrate the superiority of socialism through reform. Therefore, Comrade Deng Xiaoping said: "The fundamental task of socialism is to develop productive forces." "Poverty is not socialism." These are scientific conclusions summed up from the negative experience of "leftist" practice after the founding of the PRC, especially after the late 1950's.

Man's cognition is the guide to man's action. At present, all party cadres, especially leading cadres at various levels, must: Firmly grasp the party's guiding principles and the theoretical weapons; always maintain a sober

head; correctly understand the basic contents of the party's line since the Third Plenary Session; and firmly and faithfully follow this line without hesitation or vacillation. Only thus can we lead all cadres, party members, and ordinary people to successfully blaze new trails and forge ahead along the correct course charted by the party.

Democratic League to Elect New Leaders

OW260113 Beijing XINHUA Domestic Service in Chinese 0732 GMT 25 Aug 87

[Text] Beijing, 25 Aug 87 (XINHUA) — The meeting of the secretaries general for the provincial, autonomous regional, and municipal chapters of the China Democratic League, which ended here today, pointed out that to promote the integration of old and new cadres and replacement of old cadres by new ones within the league leadership structure at the provincial level to bring about the gradual rejuvenation of party cadres, elections of the next provincial level congresses of the China Democratic League should be completed by the first quarter of next year. The crux of this work is organizations at the provincial level. This will lay the foundation for the Sixth National Congress of the China Democratic League, which will be held next year.

There have been major developments within the organizations of the China Democratic League in the past 8 years. The present membership of the China Democratic League has more than doubled since 1978. Most of the new members are middle-aged intellectuals from the science and literary field. Party comrades attending the meeting held that the leadership organization of the China Democratic League must be able to meet the challenge of adapting to a changing environment and gradually bring about the integration of new and old cadres and the replacement of old cadres by new ones within the leadership at all levels. The National Representative Conference of the China Democratic League held at the beginning of this year has replaced one quarter of the members and alternate members of the Central Committee and has brought about a step in the integration of old and new cadres and the replacement of old cadres by new ones. This meeting hoped that the Sixth National Party Congress to be held next year will bring about further progress.

Chairman of the China Democratic League Fei Xiaotong attended and spoke at the meeting.

Bo Yibo Opens TV Exhibition

OW250826 Beijing XINHUA in English 0749 GMT 25 Aug 87

[Text] Beijing, August 25 (XINHUA) — Beijing is hosting an international television equipment exhibition at the China Central Television Center and the Museum of the Chinese Revolution.

Bo Yibo, vice-chairman of the CPC Central Advisory Commission, cut the ribbon at today's opening ceremony.

Many hi-tech radio, T.V. audio, broadcasting and film industry products are being displayed by 44 Chinese factories and 130 manufacturers from Western Europe, North America, Japan and Hong Kong.

At the five-day show, 300 radio and T.V. experts and filmmakers from China's 29 provinces, municipalities and autonomous regions will hear lectures on the latest products.

The exhibition is being sponsored by the China Central Television Station and the Radio and Television Broadcasting Society of Chinese Institute of Electronics.

NPC Vice Chairman Ends Shandong Trip

SK260725 Jinan Shandong Provincial Service in
Mandarin 2200 GMT 25 Aug 87

[Text] Zhu Xuefan, vice chairman of the NPC Standing Committee, concluded his inspection tour of our province on 25 August. During the tour, he conducted investigation and study on the issue of further strengthening the building of democracy and the legal system, maintaining close ties between the NPC Standing Committee and the People's Congress deputies, and fully exploiting the role of People's Congress deputies.

He conducted inspections and gave guidance to the work in Yantai, Qingdao, and Jinan Cities. He also convened forums in Yantai and Qingdao with the participation of the NPC deputies stationed in the province with the aim of listening to their opinions on the People's Congress work.

Vice Chairman Zhu Xuefan said: The People's Congress system is the basic system covered by the Constitution, and giving full play to the role of people's deputies is an objective demand for perfecting the People's Congress system of our country and for building socialist democratic politics. He emphatically pointed out: Maintaining close ties with people's deputies and listening to their suggestions, criticisms, and opinions in a timely manner are not only the work of the NPC Standing Committee, but also the work of the local People's Congress Standing Committees of various provinces, cities, and counties.

During his stay in Shandong, Vice Chairman Zhu Xuefan also inspected the postal and telecommunications work. He was satisfied with the key communication projects of Yantai, and with Qingdao's test operation of the S-1240 program-control telephone exchange set, which was produced by the (Zhongbi) joint venture company. He said: In building the four modernizations, postal and telecommunications industries should be developed ahead of others industries. In the past, the program-control telephone was controlled by foreigners; now, we control it. It is really a great thing. In Qingdao and Jinan, he also made a phone call to Beijing.

Director Responsibility Meeting Held

OW260311 Beijing Domestic Service in Mandarin
0930 GMT 25 Aug 87

[From the "National Hookup" program]

[Text] The State Economic Commission, the Organization Department of the CPC Central Committee, and the All-China Federation of Trade Unions held a joint meeting today, calling on all big and medium-sized industrial enterprises across the country to thoroughly carry out the director responsibility system by the end of this year. The implementation of the director responsibility system in all industrial enterprises should be complete by the end of next year.

China's enterprise leadership reform was launched in May 1984. In September 1986, on the basis of reviewing the trial implementation the party Central Committee and the State Council officially promulgated regulations on the responsibilities of the plant director and the plant party and trade union organizations in the state-owned industrial enterprises, thus confirming the director responsibility system as a fundamental system of enterprises. Presently, following its trial implementation, the system is in a new stage of all-around implementation. By then end of June this year, over 35,000 state-owned industrial enterprises had implemented such systems, accounting for 64 percent of the country's total.

According to an authoritative organization's survey and analysis, the implementation of the director responsibility system has allowed a large number of capable management personnel to shine. By adopting modern management methods and measures to enhance enterprise management and production under the direction of their directors, many enterprises have raised both production and economic benefits with quick decisions, clear instructions, and high work efficiency. Meanwhile, the original tangle of the administration and the party organization within an enterprise has been resolved. Moreover, the workers' congress and other democratic management systems have been further improved.

This meeting was held with the approval of the CPC Central Committee and the State Council. Attending the meeting were Chen Pixian, Bo Yibo, Song Ping, and Lu Dong.

Expounding policies concerning enterprise leadership reform, Yuan Baohua said: The implementation of the director responsibility system is to give the director of an enterprise the leading role. In other words, the director is fully responsible for the enterprise. He is responsible not only for building the material foundation but also the spiritual foundation of the enterprise. Furthermore, the director exercises decisionmaking power and directing power by himself. Only in this way can we change the long-standing situation of leaving nobody responsible for the enterprise in the name of practicing collective responsibility system.

Yuan Baohua said: The party leadership in an enterprise is a general concept that means how to channel the

economic activities of the enterprise into the scope of the party and state guidelines instead of letting the enterprise party committee directly lead the enterprise. The change of the role of the enterprise party committee is to improve and enhance the party leadership instead of weakening it. With the change of its work scope, it is necessary for the enterprise party organization to streamline its organization, upgrade its personnel quality, and cut down on the number of incompetent personnel to the extent possible.

While stressing the importance of strengthening democratic management of the enterprise in the reform of enterprise leadership, Yuan Baohua said: The implementation of the director responsibility system definitely does not mean that the plant director should act of his own will arbitrarily at any time in any situation.

Commentator Urges Price Supervision
HK260927 Beijing CHINA DAILY in English
26 Aug 87 p 4

[CHINA DAILY commentator's article: "Stabilizing Prices"]

[Text] Prices are said to have gone up too fast in the first half of this year and this has caused concern among the public and the central administration. These price changes had little to do with the restructuring of the country's pricing system and may lead the ongoing economic reform to more difficulties if not brought under control.

Briefing the national press about this situation, a spokesman for the State Council announced a package of measures to stabilize prices.

The retail price index climbed 6.3 percent from January to June over the same period last year. More disturbing was the report that prices seemed to be going up at an increasingly rapid rate, from 5.3 percent in the first three months to 7.8 percent recently.

The impact was particularly serious in some large cities, where the prices of vegetables, for instance, jumped as much as 17.8 percent.

Although studies show that the incomes of city-dwellers at large increased even after deducting price rises, unchecked rise of living expenses will possibly hurt more families and ferment misinterpretations of the reform. In fact, the actual living standards of some urban residents did become lower in the first few months, the spokesman said.

The tricky price situation had many contributing factors. Some of them were apparently inevitable, such as bad weather for farming. But the other factors should have been handled with more care.

One danger lies in the fact that there are people who wanted the prices to rise and have indeed benefited from market instability. They capitalized on the loopholes of the newly rebuilt legal system and made illicit profits.

The new economic structure that the nation is developing cannot tolerate such unlawful activities, especially when they have the potential to jeopardize the interests of the masses of customers. The reform's momentum would be slackened if speculators and other economic lawbreakers were let go without due punishment.

Also responsible for rising prices were the lavish money spenders among big organizations. They included a big number of enterprises, offices and even some regional governments.

They are big buyers. But the old economic structure that is still to be phased out has failed to make them more responsible for the public funds they spend. If they spend (and they really did in the early months of the year) more money on free-lunch type bonuses, organization-sponsored travels, company-issued consumer goods, frequent conferences, and other unwarranted expenditures, they in effect force individual customers to pay more.

Some enterprises, merely beginning to implement the contractual responsibility system, still tend to raise the prices of their products to increase corporate earnings. Their contracts need improving, to include some clauses that are designed to help the government's price control effort.

The biggest money spenders were regional authorities who continued capital investment projects unapproved by the central administration.

In contrast with all the factors conspiring to jack up prices, market inspection and saving incentives for big organizations — which tend to keep prices stable — still looked rather weak.

To rectify these problems, China has to persist with its reform of financial organizations, enterprise management, and the bureaucracy.

So the government's price control measures at present can only be compatible with the nation's long-term interest in opening up the market for more goods which were a few years ago strictly held up for centralized allocation. Strengthening price supervision will create a favourable environment for the healthy development of socialist China's market system.

East Region

Jiangxi Circular on Leadership Reform

OW260615 Nanchang Jiangxi Provincial Service in
Mandarin 1000 GMT 25 Aug 87

[From the "Provincial Hookup" program]

[Excerpts] The provincial party committee and the provincial people's government recently issued a circular on implementing the three sets of regulations governing state-owned industrial enterprises, calling on party committees and people's governments at all levels, and all departments under the provincial party committee and units under direct administration of the provincial government to firmly carry out the guidelines of the three sets of regulations and two circulars issued by the CPC Central Committee and the State Council, thereby solidly supporting the reform of enterprise leadership. [passage omitted]

The circular said: To replace the director responsibility system under the leadership of the enterprises party committee with the director responsibility system by fully carrying out the three sets of regulations is a major reform of enterprise leadership. [passage omitted]

The circular emphasized the importance of clarifying the central role and due responsibilities of a plant director and of defining the relationship among the administration, the party, and trade union organizations within an enterprise. [passage omitted]

The circular called for all-around implementation of the director responsibility system. As regarding those large and medium-sized enterprises that have not yet implemented such a system, they should do so by the end of the third quarter of the current year. Those state-owned industrial enterprises under an independent accounting system should do so either by the end of this year or by the end of the first half of next year. Enterprises including transportation and communications, geological prospecting, construction, and farmland — forestry irrigation should speed up the reform.

Shandong's Liang Buting at Seminar

SK260926 Jinan DAZHONG RIBAO in Chinese
12 Aug 87 p 1

[Text] The provincial experience-exchange meeting on having Overseas Chinese affairs serve economic construction was held in Weihai City from 7 to 11 August, at which the participating comrades studied the issue of how to have Overseas Chinese affairs better serve economic construction.

The meeting pointed out: In having Overseas Chinese affairs serve economic construction, attention should be paid chiefly to the following several aspects: 1) Efforts should be made to introduce outside funds, technology, equipment, and experts by having Overseas Chinese act as go-betweens. 2) Efforts should be made to organize or

mobilize returned Overseas Chinese and family members of Overseas Chinese to raise funds to open enterprises. 3) Efforts should be made to help poor returned Overseas Chinese become wealthy. In conducting the work of introduction, efforts should be made to further emancipate the mind, to be more bold, and to adopt more measures. We should create an ideal climate for investment and do a good job in grasping the work of building infrastructures and giving preferential treatment. Efforts should be made to accelerate the pace of having family members of Overseas Chinese open enterprises. There are currently 144 enterprises throughout the province which are run by funds raised by family members of Overseas Chinese that have accommodated more than 6,500 personnel and have formed a new style of economic force. Some of them have become the important channel of "four introductions". Therefore, great attention should be paid to the development of enterprises run by family members of Overseas Chinese. Efforts should be made to organize or mobilize returned Overseas Chinese and family members of Overseas Chinese to raise funds and to encourage them to introduce funds and advanced equipment. In line with the local condition, we should help enterprises define their production and business items and become productive and developmental enterprises that are able to earn foreign exchange. We should select those returned Overseas Chinese and family members of Overseas Chinese that have a pioneering spirit and just work style and who are trusted by the masses to take up the posts of plant chief and manager.

During the experience-exchange meeting, Liang Buting, secretary of the provincial party committee, received the participants of leading comrades from various prefectures, cities, and provincial-level departments concerned. He also delivered a speech at the reception in which he pointed out: Shandong Province has the country's fourth-largest number of Overseas Chinese, however, the province's Overseas Chinese affairs cannot satisfy the need of the status. Therefore, efforts should be made to aim high and to better carry out the affairs. Overseas Chinese have become better off through hard work. We should have them make money if they want to return home to open a business. If we do not let them make money, they will not come back, which is unfavorable to both sides. The second generation of Overseas Chinese knows so little about the domestic situation. Many of them have grasped modern science and technology and are useful personnel for the program of building the four modernizations. We should have them pay more visits to their hometown to carry forward the patriotic tradition of their older generation and foster patriotic feeling. The family members of Overseas Chinese in the country should give a helping hand to raising funds to open enterprises that may be run by collectives, individuals, and as a joint venture. We should actively carry out the work of introduction. However, various localities should refrain from contending for outside funds. We should allow Overseas Chinese to invest their money wherever the condition warrants. Efforts should

be made to break down barriers among localities, create a good climate for investment, achieve good economic results, and realistically do a good job in having Overseas Chinese affairs serve economic construction.

Attending the meeting and speaking at it were Ma Changgui, vice governor of the province; Li Xinghao, deputy director of the Overseas Chinese Affairs Office under the State Council; and Xiao Gang, vice chairman of the All-China Federation of Returned Overseas Chinese. Also attending the meeting were responsible persons from various cities, prefectures, and provincial-level departments concerned. At the meeting, the representatives of 17 units from 14 cities and prefectures delivered speeches to exchange their work situation and experience.

Shandong CPPCC Committee Meets

SK260909 Jinan Shandong Provincial Service in Mandarin 2200 GMT 25 Aug 87

[Text] The 22d Standing Committee meeting of the 5th provincial CPPCC Committee opened in Jinan on the morning of 25 August. The major content of this meeting is to organize members of the Standing Committee to discuss and exchange their experiences in studying the books "On Building Socialism With Chinese Characteristics" and "On Upholding the Four Cardinal Principles and Opposing Bourgeois Liberalization"; to examine the programs for arranging the number of units and members to the sixth provincial CPPCC Committee; and to relay and implement the guidelines of the national CPPCC Committee meeting on local CPPCC work and on the work of chairmen of local CPPCC organizations.

Li Zichao, chairman of the provincial CPPCC Committee, presided over and addressed the meeting. He called on the participants to deepen their understanding of the two books around Comrade Deng Xiaoping's important idea on building socialism with Chinese characteristics and the two major points of the line pursued since the 3d Plenary Session of the 11th CPC Central Committee, in close combination with the realities of the political and ideological fronts and their own departments so that they can further understand the correctness of the line, principles, and policies followed since the 3d Plenary Session of the 11th CPC Central Committee. He also called on the participants to conscientiously study the measures for fully exploiting the role of the CPPCC in offering political consultations and exercising democratic supervision and for exploiting the intellectual superiority of CPPCC members in an effort to make positive contributions to unifying the motherland and building socialism with Chinese characteristics.

Responsible comrades of the provincial Commission on Restructuring of Economic System were invited to the meeting to give a guidance lecture on studying the two books. Present at the meeting were vice chairmen of the provincial CPPCC Committee, including Zhou Xingfu, Zhou Zhenxing, Xu Meisheng, Guo Yicheng, Zhang Weicen, Ding Fangming, Zheng Weimin, Jin Baozhen, Liu Yong, and Yang Da.

Shanghai Government Function Changes

OW250744 Beijing XINHUA in English 0658 GMT 25 Aug 87

["Roundup by XINHUA correspondents Shen Shiwei and Wu Fuming: More Services and Less Orders — Changes in Government Function" — XINHUA headline]

[Text] Shanghai, August 13 (XINHUA) — The government has to serve but not order about — this slogan has been translated from word of mouth into concrete action in this largest industrial center of Shanghai.

The services of government offices and the market are forming a motive force driving the massive economic machine forward.

The changes, which have come about quietly in the midst of China's sweeping economic reform, are regarded as of great historic significance.

Under the old economic structure, Chinese enterprises were appendages of the government. They were subject to state control in almost everything: production plans drawn up, raw materials allocated and products sold by the state.

All this is beginning to change. Enterprises are now being relatively independent commodity producers and managers. Instead of depending on the government, they are now turning to market forces in the supply of manpower and material.

"In the past, the government offices interfered too much in the affairs of the enterprises," said the 47-year-old Shanghai vice mayor, Huang Ju. "The government's meddling in the affairs of enterprises has not only got bogged down in the routine affairs but also made enterprises indolent and thus suppressed their initiatives.

"Imagine, billions of money and tens of thousands of materials are in the hands of the government and tens of thousands of hands are stretching out, asking for funds and materials, what else the government office can do," the vice mayor said.

Now things are different, he added. The government has relegated powers and responsibilities and interests to enterprises. Economic officials are freeing themselves from the endless arguing and bargaining with regard to allocation of funds and materials and rubber-stamping construction projects. Instead, they are recouring to the market and other economic means to guide the enterprises in their behavior. The government offices are now able to focus their attention on planning, coordination and services, while stepping up overall control and improving the function of supervision, Huang said. All this has brought the initiative of enterprises into full play and injected new vigor into enterprises.

The Huatong switch factory in Shanghai, the largest of its kind in China, imported technology for making plastic-covered switches in 1981 from the United States. But it

did not apply the technology to production until this year, when it manufactured 40,000 units, using all Chinese-made parts.

Qu Ran, director of the factory, attributed the achievements to a new measure taken by the Shanghai Municipal Government earlier this year to spur enterprises to turn out new products: Those turning out outdated products will be fined and those developing new products and using domestically-produced parts will be rewarded.

According to the Shanghai Municipal Bureau of the Mechanical and Electrical Machinery Industry, 65 percent of China's 12,000 mechanical and electrical products remain at the stage of development of the 1950s or the 1960's.

The Chinese central economic departments have repeatedly issued circulars, ordering an end to production of outdated products. Even so, many enterprises have just turned a deaf ear to these orders.

But things changed after the Shanghai Municipal Government used an economic measure, that is, collecting what is known as the "renewal and research and development fund" for enterprises that still [are] manufacturing outdated mechanical and electrical products. And the rate of the fund collected rises each year, making these enterprises unprofitable.

Meanwhile, the municipal government has decided to award enterprises and employees who develop new mechanical and electrical products. A survey of 58 factories shows that 72 outdated products are no longer produced and 63 new products are being developed.

The Shanghai coking plant also serves as an example of how economic measures work. Under an agreement signed with the Shanghai Municipal Finance Bureau, the plant will receive 200,000 yuan (about \$4,000 U.S. dollars) in bonuses if it produces an extra 63.4 million cubic meters of gas.

All factory employees regarded the bonuses as a political honor, and tried their best to improve management and promote technological progress. As a result, they produced an additional 67 million cubic meters of gas and earned an extra 5.73 million yuan in profits that year. They also received the bonuses, called "special objective awards" allocated by the municipal government for production of readily marketable products.

A total of 160 projects in Shanghai were granted the award last year. And for 100 of them, the municipal authorities earned an extra 50 yuan in revenue for every one yuan in bonus.

The municipal government has set up a comprehensive economic group to use economic measures to transmit economic information and coordinate all regulatory means.

With preferential terms in credits and taxes, high-technology industries, such as microelectronics, optical communications, new materials and biological engineering, are growing rapidly.

The group, headed by Shanghai Mayor Jiang Zemin, has decided to aid Shanghai enterprises in the use of hard currency, taxes, loans and material supplies in producing parts in place of imported ones for the "Santana" cars from a Sino-Federal German joint venture.

Chinese-built parts are projected to make up 83.3 percent of all "Santana" parts in 1991, compared with the present 24 percent.

Meanwhile, instead of issuing orders, Shanghai economic officials are now offering enterprises services in information, consultancy, legal affairs, accounting, statistics and technical development.

The Shanghai Economic Information Center, equipped with two medium-sized [as received] and a dozen terminals working round the clock, is collecting, processing, storing and transmitting 30 billion Chinese characters of economic data a year. The center is forming a citywide computerized network.

This year has seen the center directly release information about markets, banking and materials supply, which have been welcomed by entrepreneurs who regard such information as more efficient than administrative orders.

After separating the functions of administration and enterprise management, the municipal Planning Committee, Foreign Economy and Trade Committee and a number of industrial bureaus have formed a number of companies and centers aimed at servicing enterprises. Trading societies have sprung up with the disintegration of administrative companies to serve as bridges between municipal government and enterprises.

One example is the Shanghai industrial and technical development fund, which has combined industry and science with banking. While helping industrial enterprises to absorb scientific results and imported technology, the fund has completed 33 research projects entrusted by government.

Central-South Region

Shenzhen To Introduce New Reforms

OW251246 Beijing XINHUA in English 1215 GMT
25 Aug 87

[Text] Shenzhen, August 25 (XINHUA) — South China's Shenzhen Special Economic Zone (SEZ), known as China's "reform lab", plans to start a series of new reforms, according to a meeting here today.

The new projects include reforms concerning state-owned enterprises, land management, the housing system and insurance.

In the restructuring of state-owned enterprises, group companies will be transformed into share-control companies in which the state is the principal shareholder. The newly-established Shenzhen investment and management company will invest in enterprises and control shares at all levels.

In the land management system reform, rural land owned by collectives will be gradually recovered by the state and be brought into the unified management by the city government. Land ownership will be separated from its managerial rights. Units and individuals can acquire the right to use the land in the prescribed time through public bidding so long as they are willing to pay the rent.

Rent will also be raised by the housing system reform, but subsidies to users by their work units will be increased accordingly. The ultimate aim is the commercialization of residential dwellings.

In addition to the insurance system for contract workers and casual laborers, the SEZ will set up an insurance system for employees of state-owned and collectively-owned enterprises, and for urban private laborers as well as farmers. Accident insurance and medical insurance systems will also be established.

The Shenzhen Government also requires the four specialized banks in the economic zone to be more enterprise-oriented in management. As the zone's central bank, the Shenzhen People's Bank will speed up its work to evaluate the credit standings of various enterprises. It will also establish a money market, including a stock market.

Speaking at the meeting, Shenzhen Vice-mayor Zhou Xiwu said that in completing these reforms, Shenzhen will play its role as "a testing ground" for the urban economic reform of the whole country.

The meeting also summarized Shenzhen's experience in reforms concerning economic planning, enterprise restructuring, circulation of commodities, price system, banking industry, and labor and wage systems in the last eight years. Zhou Xiwu said that the greatest achievement of Shenzhen's reform is to bring into play the adjustment role of market and to vitalize enterprises.

Southwest Region

Yunnan Secretary Outlines Reform Tasks

HK250343 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 24 Aug 87

[Excerpts] A Yunnan Provincial CPC Committee work conference concluded in Kunming yesterday. Provincial party committee Secretary Pu Chaozhu outlined arrangements for current work in the province. He pointed out that from now on it is necessary to launch the whole party to do a good job in three items of work:

1. Step up ideological and political work, seriously organize the study of the two books, and unfold theoretical discussions on the initial stage of socialism.

2. Speed up the pace of reform, do a good job in industrial and agricultural production, and make proper arrangements for the markets.

3. Preserve and develop the political situation of stability and unity, eliminate factors for instability in society, and solve certain social contradictions in the budding stage, as practical action to greet the 13th Party Congress.

On the question of stepping up study, Pu Chaozhu said that it is first necessary to seriously organize theoretical circles and cadres at and above county-level to launch theoretical discussion on the initial stage of socialism in connection with studying the two books and the relevant central documents. The aim of this is to adhere to the ideological line of seeking truth from facts and basing all efforts on reality, to further deepen understanding of our national, provincial, and county conditions, and enhance awareness of carrying out the party line.

On speeding up the pace of reform, doing a good job in industrial and agricultural production, and making proper arrangements for the markets, Pu Chaozhu analyzed the situation in production and financial revenue in the first half of the year, and pointed out that the province's economic situation is very good. At the same time, he put forward demands on currently deepening the reforms and stimulating the formation of ties. [passage omitted]

He said: In urban reforms, it is first necessary to grasp reforms of the operational mechanism, separate ownership from operational powers, promote contracting, and enliven the enterprises. In developing the rural commodity economy, it is necessary to develop lateral economic ties. [passage omitted]

We must follow the path of making production specialized and serving society. The core of this is to resolve the problem of reforms of the circulation setup. By means of the tether of circulation, we should link up production, processing, and sales, and gradually form circulation combines that focus on making commodity production serve society.

The exploitation and use of resources should be closely linked with the development of local nationality economy. All areas setting up enterprises must adhere to this point.

Pu Chaozhu said that the basic guiding idea and the way out in making proper arrangements for the markets and stabilizing prices is, first, to grasp production; second, to enliven circulation; and third, to improve market management.

The three links policy in grain production must be made good this year. Structural reform in the districts and townships must be based on the province's realities.

Comrade Pu Chaozhu also stressed that in correctly handling certain complex social contradictions, it is first necessary to step up education for the cadres in the

party's fine traditions and work style and reeducation for them in the party's nationality policies. They must insist on seeking truth from facts and establish the concept of the masses. Second, the party committees must strengthen leadership over ideological and political work and periodically analyze the local ideological and political situation and the factors for instability. They must form a system for this and promptly solve problems they discover, resolving the contradictions in the budding stage. Third, it is necessary to strengthen the party committees' ability to handle various complex social contradictions, and improve their leadership technique.

During the meeting, He Zhiqiang, deputy secretary of the provincial party committee and governor, and Liu Shusheng, deputy secretary, spoke respectively on speeding up economic structural reform and doing a good job in current economic work and on resolving various social contradictions and preserving and developing the excellent situation of stability and unity to greet the 13th Party Congress, departments and enterprises.

North Region

Hebei's Xing Chongzhi Views Exhibits

SK260704 Shijiazhuang HEBEI RIBAO in Chinese
12 Aug 87 p 1

[Text] In early August the province and Shijiazhuang City jointly held a "restricted exhibition" on the achievements scored in dealing blows to illegal publishing in Shijiazhuang City. Judging from the publications at the exhibit, over the past few months a number of cities have discovered 457,209 volumes of illegal publications in more than 760 categories by relying on the close coordination offered by the masses and the departments concerned. In dealing blows to illegal publishing, Shijiazhuang, Tangshan, Baoding, Qinhuangdao, and Xinji Cities have firmly grasped the task and scored marked achievements.

On the afternoon of 10 August, leading comrades of the provincial party committee, including Xing Chongzhi and Li Wenshan, visited the "restricted exhibition" and gave an instruction in which he pointed out: We should resolutely deal blows to illegal publications (including illegal music and videotapes), carry out consolidation in a comprehensive way, launch long-term combat, and carry forward the task through to the end. Efforts should be made to clearly investigate every link of publishing illegal books and articles, such as publication, printing, and sales. We should mobilize and rely on the masses to do the checking. The relevant culture, public security, and industry and commerce departments should make concerted efforts to grasp the task and to jointly carry out management. In carrying out checks, we should enforce responsibility systems and have the principal leading personnel of departments, units, and localities make someone accountable whenever they have turned up problems. The principal leaders of units that have not dealt with their serious problems in a long time should be dismissed from their post. In carrying out the curbing,

efforts should be made to do things strictly in line with the law; and those who deserve it should be fined, removed from office, have their business license revoked, and have their cases handled in line with the law.

Prior to their visit, the leading comrades of the provincial party committee, the provincial People's Congress Standing Committee, and the provincial CPPCC Committee, including Yue Qifeng, Bai Shi, Yue Zongtai, and Du

Northeast Region

Shenyang Court Tries 6 for Corruption

HK260643 Beijing RENMIN RIBAO in Chinese
24 Aug 87 p 1

[Report by Duan Xinqiang (3008 1800 1730): "The Shenyang City Intermediate People's Court Tries a Major Case of Corruption and Swindling"]

[Text] A spectacular and extraordinarily serious case of corruption, swindling, and bribe-taking involving six people including Wang Jilong, Hu Haiming, and Wang Hong (female), was tried by the Shenyang City Intermediate People's Court from 20 to 22 August. Following the procuratorate's prosecution, the court investigation, and the lawyer's defense, the facts were clear and the evidence conclusive. The court gave its verdicts as follows: Wang Jilong, found guilty of corruption, was sentenced to death and deprived of political rights for life; found guilty of swindling, he was sentenced to death and deprived of political rights for life. The court decided to carry out the death sentence and to deprive him of political rights for life. Hu Haiming, found guilty of corruption, was sentenced to life imprisonment and deprived of political rights for life; found guilty of swindling, he was sentenced to 8 years' imprisonment. The court decided to carry out the life sentence and to deprive him of political rights for life. Wang Hong, found guilty of corruption, was sentenced to 5 year's imprisonment; Liu Cunzhong, found guilty of swindling, was sentenced to 3 year's imprisonment; Li Ruisheng, found guilty of corruption, received a 3-year suspended sentence; and Zhu Ying, found guilty of corruption, was exempted from criminal punishment.

Wang Jilong, Hu Minghai, and the other defendants set up two fly-by-night companies in Dandong and Shenyang cities: The Dandong Changcheng Materials Coordination Corporation and the Shendan Development and Industrial Corporation. They took advantage of their posts and resorted to forgery, embezzlement, and misappropriation, to embezzle public funds amounting to 232,434 yuan. Of this, Wang Jilong embezzled public funds amounting to 139,856 yuan; Hu Haiming 43,900 yuan; Wang Hong 21,078 yuan; Li Ruisheng 5,000 yuan; and Zhu Ying 1,600 yuan. They were also deceitful in signing false contracts or agreements with a dozen or so units such as the Changzhou Building Materials Supply Company in Jiangsu, for the supply of steel ingots,

falcated steel, aluminum ingots, heavy rails, and waste steel, amounting to 31.8 million yuan, and obtained advanced money amounting to 10,342,750 yuan.

In handling the case, the Shenyang City Intermediate People's Court effected a breakthrough in its practice, namely by returning the illicit money while still handling the case to enable many enterprises to quickly resume production and thus ensure the smooth progress of the

reform. Having been defrauded of 300,000 yuan by Wang Jilong and others, the Shenyang No 5 Steel Rolling Mill could not develop production and faced bankruptcy. It was not in a position to carry out reforms. After clarifying the facts, the court retrieved the illicit money and turned it over to the steel rolling mill and thus stimulated its reform. With a profit of over 200,000 yuan last year, the plant became an advanced unit in this field. Jingyi, also viewed the exhibition.

PRC Insistence on Force Criticized
OW250924 Taipei CHINA POST in English
22 Aug 87 p 4

[Text] Peking's phony peace moves have been punctured by its refusal to use peaceful means only to settle the "Taiwan issue."

This was revealed by a statement by its Washington spokesman contesting a UPI report that Han Hsu said that Communist China would only use peaceful means to reunify China and Taiwan.

Han reportedly made that statement in San Francisco on Aug. 11. But Han's remarks were contradicted by Red China's spokesman in Washington, who stated that, "We cannot commit to any foreign country to resolve the Taiwan issue by peaceful means only."

The spokesman's statement violates the whole basis of Peking-U.S. relations and the Aug. 17, 1982 joint communique. It invalidates that agreement, which guides the United States in its relations with Peking. It also proves Peking's real intentions toward Taiwan — reunification by the threat of force and by force itself.

Hong Kong

Fifth Drafting Committee Session Ends
OW261020 Beijing XINHUA in English 1014 GMT
26 Aug 87

[Text] Beijing, August 26 (XINHUA) — The fifth meeting of the drafting committee of Hong Kong Special Administrative Region's basic law ended today.

A communique released today said, the committee decided the sixth session will be held in Guangzhou, December 12-16, to discuss further the fourth, fifth and sixth chapters of the articles drafted by the group on political structure and other work groups. The next session will also focus on overall discussion of various chapters of the draft of the basic law which have been preliminarily compiled, and to propose improvements and adjustments.

At yesterday's meeting, the committee assigned a work group to adjust and improve various articles of the basic law for deliberation at next year's seventh session. The group members include committee Vice-chairmen Yuekang Pao and Hu Sheng and the heads of all other work groups.

The committee expressed satisfaction with the progress of the work groups and proposed improvements on some articles, the communique said.

The meeting asked the groups to carefully study the proposals put forward by committee members and make further improvements on some articles under related chapters of the draft of the basic law. With this as a base, the Secretariat will initially compile drafts of all the articles in accordance with the structure of the basic law and hand them over to the committee's sixth meeting for study.

During the past two years, since the Basic Law Drafting Committee was formed, members have worked together and reached identical views on many issues and initially drafted the articles under various chapters, China's State Councillor Ji Pengfei said. "The committee's hard work and contributions should be fully recognized".

Ji Pengfei, the committee's chairman, urged members to continue their cooperation so a draft of the Basic Law will be worked out for discussion by the end of next year's seventh session.

Drafters Oppose Powerful Legislature
HK260233 Hong Kong SOUTH CHINA MORNING POST in English 26 Aug 87 pp 1, 2

[By Stanley Leung in Beijing]

[Text] The idea of a "Legislature-led" political system for Hong Kong after 1997 was attacked by several Basic Law drafters yesterday including Legislative councillors Miss Maria Tam and Mr Wong Po-yan.

Harsh criticism was leveled at a system which provides for a powerful legislature and a high degree of supervision over the executive branch.

The views were voiced during speeches on the third day of the fifth plenary session of the Basic Law Drafting Committee.

Conflicting views on the future political system revealed a major split among local drafters especially those sitting in the Legislative Council.

Two vocal drafters, Mr Martin Lee and Szeto Wah, advocates of direct elections to the legislature, however, criticised the Basic Law proposals for lacking checks and balances between the legislature and executive authorities.

The session yesterday also became a battlefield for drafters commenting on whether the political sub-group had deliberately ducked key political discussions on the selection of the chief executive and legislators.

The items were not included on the agenda for the current meeting.

Mr Martin Lee had suggested during an interview at the last meeting in Guangzhou that the political sub-group had avoided the issues.

The co-convenor of the political sub-group, Mr Xiao Weiyun, and a drafter, Mr Simon Li strongly defended the sub-group's earlier decision to tackle issues in the order from easy to difficult.

Speaking yesterday, Mr Lee and Mr Szeto said discussions on the two key "selection" issues should be speeded up.

Other speakers on the Hong Kong side are Miss Tam, Mr Wong, Mr Li and Mr Tam Yiu-chung, Mr Raymond Wu and Ms Liu Yiu-chu.

The two mainland speakers are Mr Xiao and Mr Xu songde. Most drafters' speeches touched on the political system.

Miss Tam, the only Executive Councillor on the drafting committee, said she was opposed to a legislature-led system for several main reasons.

She said there was no real legislature-led system in the world as most Western systems were dominated by political parties rather than the legislature.

"When a parliament is dominated by a political party, it is no longer a legislature-led system. And without the party's support a government would have difficulty in functioning."

Miss Tam said the tenure of a party-dominated government usually lasted four years or even eight years and its stepping down would bring about drastic changes.

"In Hong Kong, however, its success hinges on the stability of the Government and its policies."

An extreme consequence of the legislature-led system was that if one authority became too strong it would inevitably suppress other powers, such as the executive authority. In this case, she said the legislature could propose budgets and change policies.

For these reasons a legislature-led system would be harmful to Hong Kong, Miss Tam said.

At the Xiamen meeting last August, she said the political sub-group unanimously agreed on the principle of the separation of the judiciary, legislature and executive. The legislature should co-operate the executive with mutual checks and balances.

She said Hong Kong's present system met the requirements set out by the sub-group on a post-1997 political system.

Ms Tam's views on legislature-led system were backed by Mr Xu and Mr Wong.

Mr Xu, an associate law professor at the People's University, denounced the system, especially as it is practised in the United Kingdom and France.

"The Americans do not lack democracy even though the executive authorities do not have to be accountable to the Congress."

In the previous full sessions, mainland drafters seldom made their views known on the sensitive issue of the Hong Kong political system.

The UK's century of authority had shifted from councils to cabinets since the last century and after the two world wars from cabinets to the prime minister.

"And yet Britons think we do not have democracy," he said.

Mr Xu emphasised that the future system should be a harmonious entity rather one with splits and confrontation.

He feared that excessive checks and balances between the branches might hamper the work of a government.

"The system we are working on should not simply be identified as legislature-led, executive-led or the separation of three powers," he said.

He said the leadership and authority of the chief executive should be confirmed. The Basic law proposals now being discussed contained enough restrictions on the executive.

Mr Wong Po-yan, opposing a legislature-led system, said the overall benefits of the community might be undermined if members of the legislature had to be accountable to their constituents with different interests.

Both Mr Tam Yiu-chung and Mr Simon Li also praised functional constituency as an ideal form of election for Hong Kong.

Mr Tam said he also felt that a certain number of seats to the legislature should be directly elected. He had reservations, however, on checks and balances as they might cause confrontation between the two branches. Mr Szeto said the current Basic Law clauses on political structure had not realised the agreed principle of checks and balances.

The chief executive for instance could dissolve the legislature with approval from the Central Committee.

However, it is difficult to impeach a chief executive as such a move would require the endorsement of three quarters of the legislators.

The present political design would stir up internal conflict within the capitalist territory and between capitalism and socialism.

Mr Szeto and Mr Lee also stressed that it would be difficult to discuss the duties and functions of the executive and the legislature without knowing how they were selected.

Mr Lee insisted that the form of accountability introduced in the proposed clauses was not even up to current standards.

The power of supervision, similar to that currently enjoyed by the Legislature Council to investigate the operation of the departments, should be granted to the future legislature.

Mr Xiao, co-convenor of the political sub-group, told the session that the definition of accountability concluded by the sub-group did not in any way depart from the Joint Declaration.

Li Peng at Patriot's Donation Ceremony
OW252030 Beijing XINHUA in English 1734 GMT
25 Aug 87

["H.K. PAtriot Donates Money to Beijing School" — XINHUA headline]

[Text] Beijing, August 25 (XINHUA) — A ceremony was held here today to receive a donation of five million U.S. dollars from Henry Ying Tung Fok for Beijing Teachers University.

Henry Ying Tung Fok is a noted Hong Kong patriotic personage who has contributed funds for building schools on China's mainland many times. The fund will be used for the construction of a new building.

Vice-Premier Li Peng was in the audience, which included college professors and noted personages from educational circles.

Speaking at the ceremony, Henry Ying Tung Fok said the development of teachers training is one of China's modernization projects of vital and lasting importance. He expressed his happiness at being able to make a contribution to such a cause.

Hong Kong, Macao Affairs Office Changes
HK220604 Hong Kong SOUTH CHINA MORNING POST in English 22 Aug 87 p 1

[By Stanley Leung in Beijing]

Text] Moves to streamline the operation of the Hong Kong and Macao Affairs Office under the State Council have begun with the recent promotion of former secretary-general Lu Ping to the rank of deputy director and the retirement of three ageing advisers.

Such arrangements would enable the office to cope with the increasing workload as a result of the signing of the pacts on the future of Hong Kong and Macao, said the office's deputy director Li Hou.

Mr Li said yesterday before a meeting of the Basic Law Drafting Committee that Mr Lu's appointment was in line with the need to strengthen leadership of the office. The retirement of the three advisers was in line with China's policy of giving younger cadres a better chance to take on more important roles.

He said there were no plans to keep the post of adviser after the retirement of Mr Wang Luming, a former deputy director of the office, Mr Ke Hua, a former ambassador to Britain, and Mr Wang Kuang, a former director of the Hong Kong branch of the New China News Agency.

All of them have reached the age of 70.

They had been recruited to the office simultaneously, together with Mr Lu, in February 1984, when the Sino-British talks on Hong Kong's future reached the concluding stage.

It was envisaged that the advisers' retirements would not affect the office's operations as they had been serving as consultants and future heads of the office in the past three years.

With their retirement, the position of Mr Lu — an "old hand" on Hong Kong affairs with his participation in the Sino-British talks — would be more important, especially during the drafting of the Basic Law.

Mr Lu is also the secretary-general of the Basic Law Drafting Committee.

Regarding speculation about his retirement from his current deputy director post, Mr Li Hou said he was now 64 and should have retired according to the central policies on rejuvenation of cadres. This required officials equivalent to his rank to retire at the age of 60.

"But I can't say when I will retire as it is not decided by me," he added.

Although a department head in the office, Mr Zheng Weirong, has been tipped to move up as the office's secretary-general, Mr Li said the post would be vacant until an ideal candidate was found.

Mr Li also refused to confirm a report that he would take full responsibility for Macao affairs and Mr Lu would take charge of Hong Kong affairs. There has been no such division of labour within the office previously.

However, it is expected that the office's workload will be increased significantly in the next few years with the setting up of the Macao Basic Law Drafting Committee and the Sino-Portuguese Joint Liaison Group.

Mr Lu, the new deputy director, said he would not comment on his new appointment but suggested that his work would be more or less similar to his previous job.

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August 27, 1987

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